The Stanford University Budget Plan

2000/01

Submitted for Action to the
Board of Trustees
June 8-9, 2000

This publication can also be found on the World Wide Web at:
http://www.stanford.edu/dept/pres-provost/budget/plans/plan01.html

Executive Summary

To the Board of Trustees:

I am pleased to submit the 2000/01 Stanford University Budget Plan for your approval.

This Budget Plan is presented in two parts. The first is the Consolidated Budget for Operations, which reflects all of Stanford's anticipated non-capital revenue and expense. The Consolidated Budget for Operations projects a surplus of $27.3 million on net revenues after transfers of $1,799.3 million and expenditures of $1,772.0 million. This very modest surplus (1.5% of expenditures) results primarily from an excess of restricted revenue over expense.

The second part of the Plan is the Capital Budget. The budget calls for $273.9 million in capital expenditures next year supporting a range of initiatives, including new graduate housing, renovations to several Medical School buildings, initial work on the Clark Center, and the strengthening of the last of the unreinforced masonry buildings. The Capital Budget is set in the context of a three-year plan, running through 2002/03.

Stanford Hospital and Clinics (SHC), a separate corporation, is not included in the Budget Plan. However, SHC financial results will be consolidated into Stanford's financial statements.

KEY CHALLENGES ADDRESSED IN THE 2000/01 BUDGET PLAN

We have made great progress on many fronts under President Casper's leadership. Our initiatives in undergraduate education have become the envy of many. The campus has been substantially renovated and rebuilt during the last eight years. Many impressive new facilities support one of the premier research programs in the world, and research volume, particularly in the biomedical sciences, continues to grow. We are investing heavily in faculty, both at the junior and senior levels. We are providing more financial aid than ever to ensure Stanford's affordability to the best students. These successes have been achieved in large part through the generosity of our friends, strong investment performance, and prudent management.

While there have been considerable achievements, we face many challenges. The following discussion identifies several of our most critical issues and how they affect next year's budget.

1. **Cost Pressures Driven by the Local Economy** – Perhaps our most pressing challenge is to address the escalating expenditures brought upon us by the success of Silicon Valley. While Stanford has been a contributor to and a beneficiary of the Valley's growth, the local economy is driving wages and housing costs to the highest levels in the country. Consequently, in building the budget for next year our top priority has been to address the compensation and housing issues through the following actions:

- After several years of below market staff compensation programs, our merit based program for 2000/01 will be stronger and will focus on providing funds for market adjustments and retention. This increase will help considerably in addressing the compensation problem. However, it will absorb a significant share of the flexibility in the budget for 2000/01. In the general funds portion of the Consolidated Budget for Operations, for example, we anticipate that almost 42% of the growth will be dedicated to staff and faculty compensation increases.

- We will be strengthening our support for faculty and graduate student housing in several respects. On the faculty side the Committee on Faculty Housing Policy, chaired by Dean Orr, has proposed enhancements to our housing assistance programs and an expanded zero interest loan program. Over the next several years we will support these programs through income from the research park, which the Trustees have already dedicated to housing costs, and through school and departmental funds. In the longer run, however, there may be additional cost implications. In the graduate housing area we are increasing the University's subsidy program from $3.2 million to approximately $5.0 million. These funds will cover subsidies for both on-campus housing in the new Escondido Village studio apartments and off-campus facilities, increasing the number of students receiving subsidies from 600 to almost 1,000.

- In an effort to provide more funding for graduate students we are increasing stipends by 6.0%. Further, in the 2001/02 budget we plan to reduce the time to achieve TGR status from 10.5 quarters of residency to 9. This will reduce by about 15% the total tuition paid by a PhD student during the term of his or her graduate career.

2. **Undergraduate Education and Financial Aid** – Although we have implemented many enhancements to the undergraduate education program, the full realization of our plans is not yet complete. The budget for the programs directed by the Vice Provost for Undergraduate Education will grow by 10% next year from $15.7 million to $17.3 million. Much of the growth is for independent study and research that will expand opportunities for advanced undergraduate students to work with faculty. We will also continue to increase support for Stanford Introductory Studies with the new Speaking Across the Curriculum program and with additional support for Sophomore Seminars and Dialogues. The 2000/01 budget for undergraduate education will receive $1.0 million in incremental base general funds, the third of five years of incremental $1.0 million commitments. These programs are currently funded 60% with unrestricted general funds and 40% with restricted funds. However, with the expectation of strong fund raising support over the next several years, we anticipate that by 2004/05 the programs will be funded 60% with restricted funds and 40% by general unrestricted funds.

   Next year's budget also includes major enhancements to Stanford's financial aid program, particularly for middle income families. In February, the Trustees approved $3.8 million in incremental financial aid to reduce the amount students will be expected to borrow and to increase support for middle income students.

3. **Academic and Administrative Infrastructure** – Supporting the operations of a major research university requires that we not only maintain our existing infrastructure but that we invest incremental funds in it. Next year's budget does so in several respects:

   - The School of Humanities and Sciences (H&S) has a structural deficit of approximately $4.0 million in its core unrestricted budget due to expansion of faculty positions without funding. So, while H&S is expected to continue to show a surplus in its overall consolidated budget, the excess revenue and resulting growth in fund balances are restricted at the department and faculty level. We will allocate $1.0 million in incremental base budget funding to assist H&S as it works to eliminate the deficit in its unrestricted budget.

   - For the past six years we have been systematically replacing and expanding our administrative computing systems. The first phase of the Core Financials system, comprised principally of a new general ledger, was completed earlier this year. Over the next several years we will be replacing the student information system, the human resources system, and implementing additional modules of the financial system. We are adding $2.5 million in base budget general funds in 2000/01 as part of the overall funding strategy for administrative systems. Next year's capital budget includes $31.3 million for these projects.

4. **Research Support** – The Budget Plan provides incremental support to Stanford's research programs in several respects. On the operating side there is additional funding for the Jasper Ridge Biological Preserve, startup funds for the Institute for Biomedical Engineering, and planning funds for the programs of the Clark Center. In addition, the budget will fund increases in staffing in the research compliance areas. In the Capital Budget the Center for Clinical Sciences Research will experience its first full year of operation, and the first phase of the renovation of the Grant/Lane/Alway/Edwards complex at the Medical School will be undertaken.

5. **Contingency Reserve** – The Budget Plan provides a $10.0 million unrestricted general funds reserve to provide a buffer against future income shortfalls and as a source of funds for one-time expense. This has been an important budgeting priority since the mid-90s, and I am pleased to continue it.

CONSOLIDATED BUDGET FOR OPERATIONS

The table on page vii shows the principal income and expenditure line items for 2000/01 and compares those numbers to the projected actuals for the current year. These figures include the incremental costs for the programs and initiatives noted above. Some highlights on both income and expense follow.

Income

Student Income – This figure is the sum of all tuition, room and board income less student aid. The modest growth of 2.7% over the projected 1999/00 actuals is the result of three factors:

1. There is a 5.3% growth in tuition revenues resulting from the tuition increases approved in February and a slight reduction in the number of entering undergraduates.
2. Room and board income will grow by 6.4%, the result of a 1.9% increase in standard room and board rates, an increase in on-campus graduate housing, and growth in off-campus graduate student subsidized housing.
3. Student aid expense, which is netted against income, will grow by 16.9% due principally to changes in policy approved by the Board in February 2000.

Sponsored Research – The 5.0% growth in sponsored research will occur principally in the Medical School, which is expecting an 8.5% increase. Non-medical research volume is budgeted to grow by 2.5%.

Expendable Gifts – The figure of $87.0 million includes only those non-capital gifts available for current expenditure. We expect this amount to remain flat in the upcoming year.

Investment Income – This category consists primarily of endowment income and income from the expendable funds pool (EFP). Endowment income is expected to grow by 9.7% based on our estimate of market returns and a target payout rate of 5.2%. Income from the EFP is anticipated to be lower than in 1999/00. This is because we expect to earn 6.0% in the current year, the maximum return allowed to flow to the budget under Trustee guidelines. For 2000/01 we are budgeting 5.5%.

Expense

Academic and Staff Salaries – For the past several years Stanford's salary program, particularly on the staff side, has fallen behind the Silicon Valley market where we must compete for many staff. As noted above, this Budget Plan includes a concerted effort to address that problem by increasing our cost base by 3.5%, by adding a broad based market/equity/retention component, and by including a targeted allocation for job groups lagging the market significantly. On the faculty side we compete in national and international markets and anticipate maintaining a strong salary position with a 3.5% basic program and with some additional funding to address equity and retention issues.

Auxiliary Activity – The majority of these expenses are incurred by Medical School Professional Services, Student Housing and Dining Services, the Alumni Association, the Department of Athletics, and the Stanford University Press.

Other Expenses – This line item is comprised principally of maintenance costs, materials and supplies, travel, utilities, library materials, and subcontracted professional services.

CAPITAL BUDGET

The Capital Budget anticipates $273.9 million for capital construction expenditures in 2000/01. The following are the principal elements of the Capital Budget:

- Projects in Design and Construction – This category totals $194.1 million and includes major work on the Clark Center ($68.1 million), initial work on the

PROJECTED CONSOLIDATED BUDGET FOR OPERATIONS, 2000/01
(in millions of dollars)

1998/99 Actuals	1999/00 Projected Actuals		2000/01 Forecast Current Funds	2000/01 vs 1999/00 Projected
		Revenues and Other Additions		
278.3	294.2	Total Student Income	302.2	2.7%
633.6	677.2	Total Sponsored Research Support	710.7	5.0%
97.4	87.0	Expendable Gifts	87.0	
365.2	390.3	Total Investment Income	414.4	6.2%
324.4	355.5	Total Other Income	365.1	2.7%
1,698.9	1,804.2	Total Revenues	1,879.3	4.2%
(78.5)	(80.8)	Transfers and Adjustments	(80.0)	(1.0%)
1,620.4	1,723.4	Net Revenues after Transfers	1,799.3	4.4%
		Expenditures		
647.9	708.0	Academic & Staff Salaries and Benefits	753.7	6.5%
170.7	186.8	SLAC	197.7	5.8%
209.2	219.5	Auxiliary Activity	229.7	4.7%
553.8	570.7	Other Expenses	590.9	3.5%
1,581.6	1,685.0	Total Expenditures	1,772.0	5.2%
38.8	38.4	Surplus/Deficit	27.3	(28.8%)

new Chemistry/Biology building ($12.0 million), half of the work on the new Mechanical Engineering building ($15.7 million), completion of the first phase of new Graduate Student Housing ($17.5 million), and the commencement of work on the Grant/Alway/Lane/Edwards project in the Medical School ($25.0 million).

- Forecasted Projects – There are $47.2 million of projects anticipated to be presented to the Board during 2000/01, primarily renovation and student housing.
- Infrastructure – The Capital Budget contains $53.4 million in infrastructure projects, approximately two-thirds is for replacement of administrative systems. The rest is split between the renovation and expansion of utility systems and the Stanford Infrastructure Program, which includes landscaping, transportation, and parking projects.

The Capital Budget affects the Consolidated Budget for Operations by adding debt service costs and the costs of operating and maintaining the facilities. Incremental debt service resulting from the Capital Budget totals $3.6 million for academic, auxiliaries, and service center projects coming on line in 2000/01. By Trustee policy, internal debt service repayment on capital projects (exclusive of SLAC, auxiliaries, and service centers) may not exceed 5.0% of unrestricted funds. For 2000/01 this figure is projected to be 3.0%. Operations and maintenance costs on new facilities will add $2.9 million to next year's budget.

REQUESTED APPROVAL AND ORGANIZATION OF THIS DOCUMENT

This Budget Plan provides a university-level perspective on Stanford's programmatic and financial plans for 2000/01. We seek approval of the planning directions, the principal assumptions, and the high level supporting budgets contained here. As the year progresses, we will make periodic reports, as necessary, on the progress of actual expenditures against the budget. In addition, we will bring forward individual capital projects for approval under normal Trustee guidelines.

This document is divided into three sections and two appendices. Section 1 describes the financial elements of the Plan, including detail on the Consolidated Budget for Operations and the projected Statement of Activities for 2000/01. Section 2 addresses program issues in the academic areas of the University. Section 3 contains details on the Capital Budget for 2000/01 and the three year capital plan. The appendices include budgets for the major academic units and supplementary financial information.

CONCLUSION

I want to thank the Provost's staff, especially Vice Provost Tim Warner and his staff, for their skill in explaining the complexities of the Stanford budget and patience with me when I tried to do the impossible. I also want to thank the Deans, Associate Deans, the Unit Directors, and their staff for helping me understand the challenges that the Schools and units are facing. While I certainly wish we could have responded more fully to the visions and requests of the units, I do feel that given the resources available, we have deployed them all. I know that the next Provost will benefit from the outstanding support of the Provost's staff as she or he tackles the many ongoing budgetary challenges.

Looking forward, we face several major challenges. We expect that salaries for both faculty and staff will continue to be under significant pressure due to cost-of-living increases in the region. Housing and the cost of housing programs are expected to grow considerably. The necessity for an undergraduate campaign is critical to partially relieve the shortfall in general funds, to provide permanent support for Stanford Introductory Studies, and to increase the endowment support in the university budget. With the help of the Trustees, our alumni, and many friends, we will complete a campaign that will help ensure that Stanford's excellence in teaching and research will continue.

John L. Hennessy
Provost
June, 2000

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Section 1
Financial Overview

INTRODUCTION

The purpose of this section is to review the principal financial components of the Budget Plan. The programmatic elements are addressed in the next section. Specifically, we will discuss:

- The Consolidated Budget for Operations
- The Capital Budget
- The Projected Statement of Activities

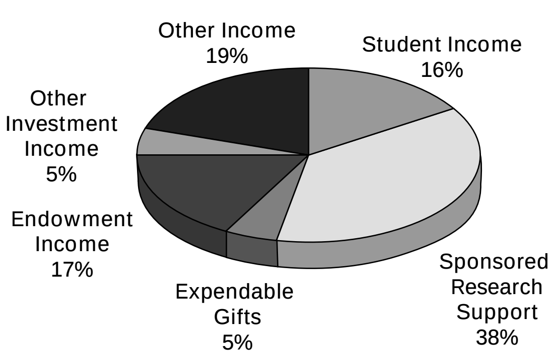
CONSOLIDATED BUDGET FOR OPERATIONS

The Consolidated Budget for Operations includes all non-capital revenues and expenditures. It is based on forecasts from the schools and the administrative areas. These forecasts are then merged with the general funds budget forecast and adjusted by the University Budget Office for consistency. The table on the next page shows the projected consolidated revenues and expenditures for 2000/01. For comparison purposes, this table also shows the actual revenues and expenditures for 1998/99 and both the budget and the estimated year-end projections for the current fiscal year, 1999/00. Definitions of key terms are provided.

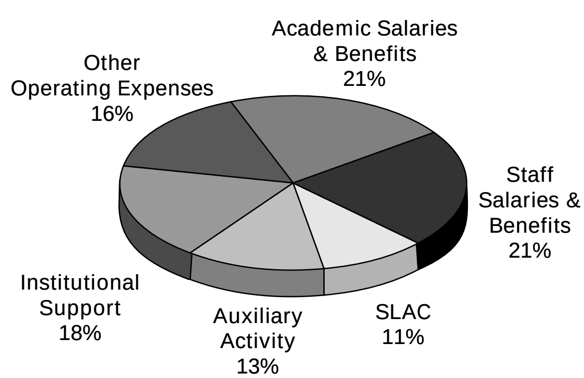
In this section we will review the Consolidated Budget from three perspectives: through an analysis of revenues and expenditures, by type of funding source (e.g. general funds, restricted funds, etc.), and by organizational unit.

It is important to note that the Consolidated Budget for Operations is presented essentially in a "cash format." In other words, it only shows those revenues and expenditures available for current operations. It does not include plant funds,

2000/01 Consolidated Revenues: $1,879.3M[1]



2000/01 Consolidated Expenditures: $1,772.0M



[1] Net Revenues after Transfers: $1,799.3M

PROJECTED CONSOLIDATED BUDGET FOR OPERATIONS, 2000/01

(in millions of dollars)

1998/99 Actuals	1999/00 Budget June, 1999	1999/00 Projected Yr-End Actuals		General Funds	Designated	Restricted	Grants and Contracts	Auxiliaries/ Other	Total Current Funds 2000/01
			Revenues and Other Additions						
			Student Income:						
147.4	153.0	153.0	Undergraduate Programs	162.0					162.0
141.9	149.8	149.7	Graduate Programs	156.7					156.7
61.3	59.5	63.0	Room and Board					67.1	67.1
(72.3)	(75.3)	(71.5)	Student Financial Aid	(14.3)	(2.7)	(61.0)	(5.6)		(83.6)
278.3	287.0	294.2	Total Student Income	304.4	(2.7)	(61.0)	(5.6)	67.1	302.2
			Sponsored Research Support:						
357.5	388.3	376.4	Direct Costs—University				392.4		392.4
170.7	193.0	186.8	Direct Costs—SLAC				197.7		197.7
105.5	111.2	113.9	Indirect Costs	120.6					120.6
633.6	692.5	677.2	Total Sponsored Research Support	120.6			590.1		710.7
97.4	80.0	87.0	Expendable Gifts In Support of Operations	2.0		85.0			87.0
			Investment Income:						
261.6	270.5	287.3	Endowment Income	87.8		227.3			315.1
103.6	65.2	103.0	Other Investment Income	25.0	35.5	38.0	0.8		99.3
365.2	335.7	390.3	Total Investment Income	112.8	35.5	265.3	0.8		414.4
			Other Income:						
136.7	122.0	140.0	Special Programs Fees		143.5				143.5
143.1	153.3	159.5	Auxiliaries (excl. Room & Board)					163.8	163.8
44.6	40.3	56.0	Other Income	33.7	28.9	(4.5)	(0.3)		57.8
324.4	315.6	355.5	Total Other Income	33.7	172.4	(4.5)	(0.3)	163.8	365.1
1,698.9	**1,710.8**	**1804.2**	**Total Revenues**	**573.6**	**205.2**	**284.8**	**585.0**	**230.9**	**1,879.3**
			Transfers and Other Adjustments						
32.1	25.5	25.0	Net Assets Released from Restrictions			25.0			25.0
			Transfers to Unrestricted Univ Reserves	(10.0)	10.0				
			Transfers to Designated Funds	(12.7)	12.7				
(37.6)	(11.8)	(33.4)	Transfers to Funds Functioning as Endowment		(15.0)	(9.4)			(24.4)
(72.9)	(77.5)	(72.4)	Transfer to Plant/Student Loan	(11.9)	(32.0)	(33.6)		(3.1)	(80.6)
1,620.4	**1,647.0**	**1723.4**	**Net Revenues after Transfers**	**539.0**	**180.8**	**266.8**	**585.0**	**227.7**	**1,799.3**
			Expenditures						
318.1	310.1	348.5	Academic Salaries and Benefits	126.1	48.1	90.9	102.7		367.7
329.8	374.5	359.5	Staff Salaries and Benefits	187.8	63.5	42.2	92.5		386.0
170.7	193.0	186.8	SLAC				197.7		197.7
209.2	213.3	219.5	Auxiliary Activity					229.7	229.7
292.3	291.5	302.8	Institutional Support	129.6	41.6	27.9	114.2		313.4
261.6	257.6	268.0	Other Operating Expenses	95.4	48.0	56.3	77.8		277.5
1,581.6	**1,640.0**	**1,685.0**	**Total Expenditures**	**539.0**	**201.2**	**217.2**	**585.0**	**229.7**	**1,772.0**
38.8	**7.0**	**38.4**	**Surplus/(Deficit)**	**0.0**	**(20.3)**	**49.6**	**0.0**	**(2.0)**	**27.3**

student loan funds, or endowment principal funds, although endowment income is reflected in this budget. Later in this section, we make a series of adjustments to the Consolidated Budget to convert it from a cash basis to an accrual basis in order to produce a Projected Statement of Activities. This Statement of Activities is consistent with how Stanford's audited financial statements are developed and displayed in the Annual Financial Report.

The 2000/01 Consolidated Budget for Operations shows net revenues after transfers of $1,799.3 million and expenditures of $1,772.0 million, resulting in a bottom line surplus of $27.3 million, or 1.5% of total expenditures.

Net revenues after transfers in 2000/01 are projected to increase 4.4% over the expected 1999/00 levels. Adjusting for SLAC, revenues and transfers are expected to grow 4.2% over projected actuals. This growth results from continued strength in endowment income and continued strong sponsored research support. Total expenditures are expected to grow by 5.2% over the estimated year-end results for 1999/00; adjusting for SLAC, expenditures are expected to grow at 5.1%. The growth in expense is driven largely by the proposed enhanced salary program.

The Consolidated Budget by Principal Income and Expenditure Categories

INCOME (REFER TO TABLE ON PAGE 2)

Student Income

Increases in student charges are guided by a number of considerations. The most important are our programmatic needs, the affordability of a Stanford education, the effectiveness of our financial aid program, our market position, and price inflation in the local and national economies.

KEY TERMS

General Funds: Funds which can be used for any University purpose, the largest sources of which are tuition, unrestricted endowment income, and indirect cost recovery.

Designated Funds: Funds which come to the University as unrestricted but are directed to specific purposes by the Trustees or the administration.

Restricted Funds: Includes expendable and endowed funds which can only be spent in accordance with donor restrictions.

Grants and Contracts: The direct cost of sponsored research, both federal and non-federal.

Auxiliaries/Other: Self-contained entities, such as Housing and Dining Services and the Athletics Department, that charge directly for their services and pay the University for any central services provided.

Net Assets Released from Restrictions: Under Financial Accounting Standards Board reporting standards, gifts and pledges that contain specific donor restrictions preventing their spending in the current fiscal year are classified as "temporarily restricted" and are not included in the Consolidated Budget for Operations. When the restrictions are satisfied, these funds do become available to cover expenses. At that time they are "released from restrictions" and are included in the Consolidated Budget in the line Net Assets Released from Restrictions.

Financial Aid: Includes expenses for undergraduate and graduate student aid. In accordance with the University financial statements format, these expenses are shown as an offset to student income. Student stipends and tuition allowance are not considered to be financial aid and are included in the expense side of the budget.

Formula Unit: Budget units whose unrestricted revenues are determined by a formula agreed to by the Provost and the unit. In most cases, the formula is tied to tuition and indirect cost recovery generated by the unit. The formula units include the Graduate School of Business, the School of Medicine, the research program of the Hoover Institution, and Continuing Studies/ Summer Session.

Tuition – The general tuition increase for 2000/01, which was approved by the Trustees in February, is 6.0%. This increase is somewhat higher than in previous years and helps generate the revenue necessary to address some of the expense pressures presented by the Bay Area's booming economy. At the same time, the University is making significant investments in the student financial aid program. The approved tuition increase, together with another low increase in the room and board rate, will yield a total increase in student charges of 5.0%.

Room and Board – In February the Trustees approved a combined room and board rate increase of 1.9%. This increase is below the projected rate of inflation for the third straight year and holds the board rate to zero growth for the second year in a row. Housing and Dining Services will continue the Capital Improvements Program in 2000/01, representing the ninth year of a sixteen-year effort to renovate student residences. In addition, the overall Housing and Dining Services budget includes an incremental 508 units for graduate student housing in the new Escondido Village studio apartments.

Student Financial Aid – Stanford expects to spend a total of $83.6 million in student financial aid for undergraduate and graduate students, $14.3 million of which will come from general funds. Designated and restricted funds ($63.7 million) and grants and contracts ($5.6 million) will support the remainder. The total financial aid numbers are 16.9% above the projected total for the current year, due to the larger increase in tuition and major enhancements to the undergraduate financial aid program as well as a projected increase in the number of students on aid.

Undergraduate Aid – This Budget Plan reflects Stanford's long-held commitment to need-blind admissions supported by a financial aid program that meets the demonstrated financial need of all admitted undergraduate students. Moreover, this Plan includes funds for important enhancements to our undergraduate scholarship program. We estimate that in 2000/01, Stanford students will receive $53.7 million in need-based scholarships, of which $44.5 million will be from Stanford resources. Of the $44.5 million, $13.0 million will come from general funds. An additional $10.8 million in athletic scholarships, which are not need-based, will be awarded to undergraduate students.

In February, the Trustees approved two new policy enhancements to our undergraduate scholarship

2000/01 Student Financial Aid and Other Graduate Student Support from Stanford Resources
(in millions of dollars)

FY00 Projected Year-End Actuals		General Funds	Designated and Restricted	Grants and Contracts	Total
	Student Financial Aid				
36.8	Undergraduate	13.0	31.4	0.1	44.5
10.0	Undergraduate Athletic		10.8		10.8
24.7	Graduate	1.3	21.5	5.5	28.3
71.5	Total	14.3	63.7	5.6	83.6
	Other Graduate Student Support				
50.6	Stipends	8.8	20.1	24.7	53.6
44.8	Tuition Allowance	26.6	8.2	12.7	47.4
67.3	RA and TA Salaries	12.6	16.6	42.3	71.4
162.7	Total	48.0	44.9	79.6	172.4
234.2	**Total Student Support**	**62.2**	**108.6**	**85.2**	**256.0**

Financial Aid Awarded to Undergraduates Who Receive Need-Based Scholarship Aid
(in millions of dollars)

Source of Aid	1995/96 Actual	1996/97 Actual	1997/98 Actual	1998/99 Actual	1999/00 Projected	2000/01 Budget
Restricted	13.3	15.9	18.5	19.0	20.3	22.6
Stanford Fund/Presidential Funds	3.3	4.5	4.3	5.6	8.8	8.9
General Funds	17.5	13.6	12.2	12.4	7.7	13.0
Subtotal Stanford Funded Financial Aid	34.1	34.0	35.0	37.0	36.8	44.5
Govt. and Outside Awards	8.3	8.0	8.9	9.0	9.1	9.2
Total Undergraduate Financial Aid	42.4	42.0	43.9	46.0	45.9	53.7
Number of Students	2,705	2,584	2,610	2,573	2,530	2,575
General Funds as a Share of Total Aid	41%	33%	28%	27%	17%	24%
General Funds and Stanford Fund as a Share of Total Aid	49%	43%	38%	39%	36%	41%

program. The first reduces the standard "self-help" portion of financial aid packages by $1,000, from $6,500 to $5,500. Self-help is the amount students are expected to contribute to their education costs through loans and part-time work. The second change caps parental contribution in the financial aid calculations at 20% of income for families with annual household incomes between $50,000 and $100,000. In addition, Stanford is implementing changes recently adopted by the College Scholarship Service in the Institutional Methodology for financial aid calculations. These changes will further assist middle-income families by reducing the parental contribution. Together these enhancements in the undergraduate aid program will add approximately $3.8 million to the budget for undergraduate scholarship aid.

The table above shows the detail of undergraduate need-based student aid. We anticipate an increase in the number of students receiving scholarship aid next year after recording a drop in that number in both 1998/99 and 1999/00. The increase in the number of students on aid, enhancements to the scholarship program, and a 6.0% increase in tuition combine to push up the expected cost of our need-based scholarship program by 17.0%. Most of this increase will be paid for by general funds. It is our expectation that incremental restricted funds will be able to offset the general funds burden as the Undergraduate Campaign gets fully underway. Appendix B (Schedules 5 and 6) includes additional information on undergraduate financial aid.

Graduate Aid – Stanford provides several kinds of financial support to graduate students totaling $200.7 million. As the table on page 4 indicates, this includes fellowships of $28.3 million, which are reflected in the student financial aid line of the budget. It also includes funding, not shown in the student financial aid line of the budget, for stipends, tuition allowance, and research and teaching assistant salaries of $172.4 million. Consistent with the presentation of Stanford's financial statements, the tuition allowance and RA and TA salaries expenses are in the Academic Salaries and Benefits line, and the stipend amount is in the Other Operating Expense line of the Consolidated Budget for Operations on page 2.

For the third year in a row, the minimum rate for RA and TA salaries and stipends will increase above the nominal salary increase for faculty and staff. In 2000/01, this increase will be 6.0% and is intended to help mitigate the impact of the higher tuition rate increase.

Sponsored Research Support and Indirect Cost Recovery

The total budget for Sponsored Research Support is expected to be $710.7 million in 2000/01, or 37.8% of the total revenues projected in the Consolidated Budget for Operations. Included in this figure are the total direct costs of externally supported grants and contracts ($392.4 million for University research and $197.7 million for SLAC) as well as reimbursement for the indirect costs ($120.6 million) incurred by the University in support of sponsored activities.

Direct research volume in the Medical School, which makes up about half of the University's total volume, has experienced double digit growth in each of the last three years, including the current year's expected growth rate of 16.7%. Medical School research volume is expected to grow 8.5% in 2000/01, a strong but slightly slower pace than in recent years. Continued expansion of the research program is constrained by limited available research space. Research volume in the non-medical area increased at an inflationary rate of 3.0% in 1998/99 but is on pace for a slight decline in the current year. We are budgeting a 2.5% growth in non-medical research volume next year.

Total direct costs for SLAC are expected to increase by 5.8% in 2000/01. The total budget for the high energy physics program of SLAC is expected to be relatively flat. However, significant growth is expected at the Stanford Synchrotron Radiation Laboratory (SSRL). The budget increase for SSRL is primarily associated with the SPEAR3 project, which upgrades the synchrotron radiation facility, SPEAR. In 1999, the DOE and the NIH agreed jointly to provide the funding for SPEAR3. The Department of Energy (DOE) has historically provided almost all of the funding for SLAC. Beginning in 1998/99, however, a significant amount of funding will be coming from the National Institutes of Health (NIH). The NIH has entered into an agreement with the DOE for enhancing the capabilities at the SSRL to provide better support to the structural molecular biology community.

Investment Income

Endowment Income – The lion's share of investment income is endowment income. The estimate of endowment income is a product of a forecast of the endowment market value at the beginning of the coming budget year and the approved smoothed payout rate. Stanford uses a smoothing rule to dampen the impact on the budget of large annual fluctuations in the market value, thereby providing stability to budget planning. The smoothing rule sets the coming year's payout rate to be a weighted average of the target rate and the actual rate in the current year. The target payout rate is 5.2%, and the smoothed payout rate projected for 2000/01 is 4.67%. The projection of the coming year's market value is based on the long-term assumption that total return on the endowment will be 6.25% above inflation.

Endowment income in 2000/01 is expected to total $315.1 million, an increase of 9.7% over 1999/00. This includes income from the merged endowment pools, specifically invested endowment, and rental income from the Stanford Research Park and other endowed lands. Of the total endowment income, $87.8 million, or 28.0%, is projected to support the unrestricted budget. The unrestricted amount includes all of the income generated from Stanford endowed lands. Over the past several years, the Stanford Management Company has put considerable effort into generating income from the Research Park, and this budget reflects the results of that continued effort. The total net rental income from Stanford lands has increased from $7.7 million in 1996/97 to $18.4 million in 1998/99 to an expected $24.7 million in 1999/00. Income from this activity is projected to be $25.4 million in 2000/01. In February, the Trustees authorized the University, indefinitely, to allocate 100% of the rental income to current operating income, compared to the previous policy of reinvesting half of the income back to the endowment land principal funds. The policy change was made with the understanding that half of the income now will be used to alleviate the housing crisis for faculty and graduate students resulting from the dramatic increase in Bay Area land values.

Other Investment Income – Other investment income consists primarily of earnings on the Expendable Funds Pool (EFP), the investment pool for non-endowment funds. The Expendable Funds Pool consists of the University's general operating funds, non-governmental grants, expendable gifts belonging to various schools and departments, and other short term funds. The investments of the EFP are allocated approximately 40% to the endowment and 60% to fixed income and money market instruments. By Trustee policy, the University guarantees the value of deposits in the EFP and a minimum payout of 4.0% annually. If actual earnings on the pool exceed 4.0%, an additional amount up to 2.0% may be used to support the unrestricted budget. If total return on the EFP is less than 4.0%, then a buffer reserve, which consists of unrestricted funds functioning as endowment, will be used to supplement the actual earnings of the EFP so that the 4.0% can be paid out. The 2000/01 Consolidated Budget assumes a 5.5% return will be achieved. Total income from this source is expected to be $99.3 million.

Expendable Gifts

Non-capital gift income is expected to total $87.0 million in 2000/01. This amount does not include gifts to endowment principal, gifts for capital projects, or gifts that are temporarily restricted. Gift receipts in support of current operations have averaged $90.0 million over the past five years, but have varied from a high of $100.3 million to a low of $77.6 million during this period. We have assumed that gift income will be flat at $87.0 million in both the current year and in 2000/01.

Other Income

Other Income includes three components: (1) *Special Program Fees*; (2) *Auxiliary Income*, excluding Room and Board income which is shown separately in the Student Income section; and (3) *Other Income*.

Special Program Fees – These fees consist mainly of patent and royalty income, fees from the executive education programs in the Graduate School of Business, the Stanford Center for Professional Development, and from summer camps sponsored by Athletics. Special program fees also include nearly $20.0 million from corporate affiliates, mostly in the schools of Earth Sciences and Engineering. Overall, special program fees are projected to be $143.5 million in 2000/01, an inflationary increase over the expected amount for the current year.

Auxiliary Income – Auxiliary income, excluding room and board fees, is projected to be $163.8 million. It includes $97.9 million for purchased services of Medical School physicians and staff by Stanford Hospital and Clinics, including Pediatrics and other Children's Services. It also includes other auxiliary receipts such as conference fees, athletic event ticket sales and television income, the activities of the Stanford Alumni Association, and the Stanford Press.

Other Income – Other income is projected to be $57.8 million in 2000/01. This category includes reimbursements for central support services provided to auxiliary organizations ($13.7 million) and income generated by the infrastructure charge ($4.5 million). A large portion of Other Income comes in to the Medical School as designated funds ($20.0 million). These are payments from affiliated institutions such as Santa Clara Valley Medical Center, Lucile Packard Children's Hospital, or Stanford Hospital and Clinics for strategic support or physician services from the faculty of the Medical School.

Transfers and Other Adjustments

Several adjustments and transfers need to be made to reflect accurately the net income available for operations.

- Transfers to University Reserves: This is a general funds reserve of $10.0 million set aside to cushion Stanford against potential income shortfalls, particularly research and investment income.
- Transfers to Designated Funds: $12.7 million of unrestricted funds generated from the annual rental income form Stanford endowed lands will be transferred to designated where it will be used to fund faculty and graduate student housing expenses.

- Additions to Funds Functioning as Endowment: This line reflects our assumption that individual budget units will continue the practice of transferring some excess of revenue over expense in restricted gift funds to Funds Functioning as Endowment (FFE). We expect a total of $24.4 million will be transferred to FFE.
- Transfer to Plant: These funds will move to the plant division to be used for capital projects. The total amount projected for next year, $80.6 million, is substantially larger than in previous years in keeping with the overall level of the capital program. In particular, we are budgeting $8.6 million in unrestricted funds for academic facilities renovation; the Medical School is projecting a transfer to plant of $43.3 million; and the School of Engineering and the Graduate School of Business are anticipating transfers totalling $4.6 million to plant funds.
- Net Assets Released from Restrictions: University gifts and pledges that contain specific donor-imposed restrictions preventing their spending in the current fiscal year are classified as temporarily restricted, and are not included in the Projected Consolidated Budget for Operations. Each year, a portion of funds previously classified as temporarily restricted will become available for spending as specific restrictions are satisfied. In 2000/01, we anticipate that schools and departments will be able to use approximately $25.0 million of gifts received in previous years that had been classified as temporarily restricted.

Expenditures (refer to table on page 2)

Academic Salaries

The recommendation for faculty salary increases is based on a review of data supporting particular recommendations from each school, internal comparisons, comparisons with peer universities using data that are publicly available, and consideration of available resources. The goal is to set faculty salaries at a level that will maintain Stanford's competitive position both nationally and internationally for the very best faculty.

The salary program increase in 2000/01 for faculty salaries is 3.5%. We believe that this increase, when applied appropriately by deans, will be sufficient to maintain Stanford's current competitive position. In addition to the broad-based salary program, additional general funds of approximately 1.0% will be available to address specific retention and competitive compensation issues. Furthermore, specific allocations for faculty salary increments have been made in the schools of Engineering, H&S, and Law.

While the nominal faculty salary program is planned to be 3.5%, total expenses for academic salaries and benefits are expected to increase 5.5% in 1999/00. Total expenses for this category are driven up by the incremental allocations mentioned above, some increases in the number of faculty billets, and the slight increase in the benefits rate. Moreover, tuition allowance for research and teaching assistants is included in this expense category and is expected to rise with the 6.0% growth of tuition. Also included in this line of the budget are supplemental payments to faculty participating in various housing assistance programs.

Staff Salaries

For the past several years Stanford's aggregate staff salary program has lagged salary growth in the Silicon Valley employment market where we must compete for staff employees. We have barely maintained our historical mid-market position, and our competitive position has deteriorated. In many job groups, and particularly in information technology, finance, and administrative support positions, we have lost considerable ground to the local market. In this Budget Plan we are making an effort to improve our market position.

The staff salary program for 2000/01 includes growth of 3.5% in our cost base, an additional broad-based market/equity/retention component, and a restricted, targeted allocation for specific job groups that lag the market significantly. We expect these allocations to prevent the loss of further ground against the local market. In addition to these salary allocations, there will be an authorization for units to reallocate budget savings or other resources to fund additional base increases up to 2.0% of the continuing salary base and/or one-time, non-base performance bonuses up to 2.0% of the continuing salary base of the unit.

Last year we introduced a different approach to salary management, and we are re-emphasizing the approach this year. Managers are given salary allocation guidelines that are flexible in timing and amount, that recognize market forces, but that are always based on performance.

We have implemented a comprehensive new program that provides greater management flexibility for allocating salary dollars and recognizes and rewards quality of performance versus years of service. The new staff salary program, Staff Compensation @ Stanford, includes broad market-based salary bands and streamlined processes and will ultimately be supported by a standardized performance evaluation system.

Benefits

There are no major programmatic changes or additions planned for benefits in 2000/01, and the average blended fringe rate is expected to increase by only 0.1%. However, this modest increase in the rate belies the fact that the costs of some of our major programs are increasing substantially. These cost increases are offset by a corresponding increase in the salary and wage base. Schedule 11 of Appendix B highlights the changes by program from 1997/98 through 2000/01. Notable changes in specific benefits costs and the salary and wage base are described below.

Total pension programs, including retirement, Social Security, and faculty early retirement programs, are expected to increase by 10.6% in 2000/01. These costs represent nearly two-thirds of the total costs in the benefits pool and are driven by changes in the regular salary program and employee headcount throughout the University. The expected increase in the salary and wage base mitigates the impact of these costs on the rate.

Insurance programs are projected to increase 13.0% in 2000/01. In particular, medical insurance costs are expected to rise by 14.5%, reflecting the assumption of a 10.0% increase in premiums for calendar 2001. Once again, the expected increase in the salary and wage base mitigates the impact of these costs on the rate. The cost of Stanford's contribution to retiree medical insurance is expected to increase by more than 50.0%, due to the University's increased liability for retiree health care. These costs comprise only 8.0% of total insurance costs and therefore do not have a material effect on the overall benefits rate.

The actual 1999/00 and the recommended 2000/01 fringe benefits rates are as follows:

Fringe Benefits Rates

	1999/00 Rates	2000/01 Rates
Regular Benefits-Eligible Employees	24.1%	24.3%
Post-Doctoral Research Affiliates	13.2%	13.5%
Casual/Temporary Employees	8.4%	8.5%
Students	0.0%	0.0%
Average Blended Rate	23.3%	23.4%
Tuition Grant Program Recovery Rate	1.45%	1.45%

The Tuition Grant Program (TGP) rate of 1.45% is charged separately against regular benefits-eligible salaries only. In order to comply with Circular A-21, all federal government sponsored accounts are exempted from the charge. Academic service centers also are exempted.

Institutional Support and Other Operating Expenses

Together these two major cost categories total $590.9 million and comprise one-third of the expenses of the Consolidated Budget for Operations. The principal components include: materials and supplies ($108.0 million), maintenance and utilities for campus buildings ($70.0 million), equipment purchases ($77.0 million), student stipends ($54.0 million), administrative and professional services ($74.0 million), subcontracts ($67.0 million), travel ($26.0 million), and library materials ($17.0 million). A few of these areas warrant comment here.

Maintenance and Utilities for Campus Structures – The operations and maintenance for the Stanford campus is a significant expenditure at $70.0 million. This amount is impacted not only by the ongoing costs of these services but by the renewal and development of the campus. An incremental $2.9 million is budgeted for the O&M and utilities associated with the completion of the Alumni Center, CCSR in the Medical School, and a variety of small projects including Jasper Ridge, the library collections storage facility, and various grounds infrastructure projects.

Debt Service – The 2000/01 debt service is projected to be $105.2 million. This number reflects the total external principal and interest payments on notes and bonds, exclusive of commercial paper. For internal purposes, however, the University charges its units for the use of debt according to the Debt Policy approved by the Board of Trustees in December 1997. Projects are now funded from a central pool of available debt and make payments amortized over the useful life of the project based on a single, blended interest rate. The table below details the different components of debt service.

The $105.2 million for total debt service is included in the Consolidated Budget for Operations in several categories, depending on the specific uses of debt and consistent with the University annual financial statements format. Principal payments for academic projects are budgeted in the Transfer to Plant line and interest payments are budgeted in the other Operating Expenses line. Debt service for Auxiliary projects is budgeted in the Auxiliary Activity line. Debt service for projects associated with Service Centers, such as utilities and networking, is included in the Institutional Support line.

Administrative Systems – This Budget Plan includes $31.3 million for administrative systems replacement and infrastructure, which is a significant increase over the expected $19.3 million for systems replacement in the current year. The increase reflects a management decision to accelerate the timeframe in which these systems are replaced at Stanford while, at the same time, requiring that implementations allow little customization from standard packages. This

Sources of Funds for Debt Service
(in millions of dollars)

	1998/99 Actuals	1999/00 Forecast	2000/01 Budget
Academic Projects (Completed)	17.0	19.1	21.7
Auxiliaries	18.3	20.8	22.1
Service Centers (Utilities/ITSS)	12.6	11.8	11.5
Subtotal Capital Budget	47.9	51.7	55.3
Sand Hill Road Projects		0.4	7.2
Refinancing of Existing Tax Exempt Debt[1]	17.8	18.4	15.7
Other[2]	12.4	19.9	27.0
Annual Debt Service Cost Excluding Commercial Paper	**78.1**	**90.4**	**105.2**

1 The University issues variable rate demand notes to refinance current California Education Facilities Authority (CEFA) principal payments.

2 Includes investment earnings on unused debt, reimbursements by miscellaneous small projects and payments made through wholly owned real estate investments.

strategy will cost more in each of the next few years, but will reduce the total cost of replacing and upgrading old systems and eliminating our reliance on the mainframe and proprietary software. During 2000/01 we expect to make significant progress on the implementation of Peoplesoft's student information system (Axess 2000) and human resources system. We will complete the extension of the development system to allow for integration of the Alumni Association and to finalize arrangements for outsourcing much of our student loan portfolio. Next year's budget includes $4.0 million for the next several modules of our Oracle financial system. While the funding for these projects comes from a variety of sources in the consolidated budget, the expenses are recorded in the Plant Division and are reflected in the infrastructure section of the Capital Budget.

The Consolidated Budget by Fund Type

General Funds Budget

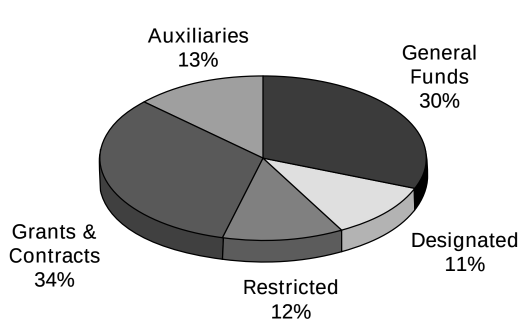
The general funds budget is an important subset of the Consolidated Budget, because these funds can be used for any university purpose. The main sources of general funds are Tuition and Fees, Indirect Cost Recovery, Unrestricted Endowment Income, Other Investment Income, and Unrestricted Gifts. Total general funds revenue is projected to be $573.6 million in 2000/01. As shown on page 2 in the Consolidated Budget for Operations, the general funds budget includes a University Reserve of $10.0 million in 2000/01. This base reserve is a continuation of the reserve we established in the 1996/97 budget. The reserve is the first guard against potential shortfalls in indirect cost recovery and investment income and is used on a one-time basis to fund a variety of short-term commitments.

2000/01 General Funds Allocations – The process of allocating general funds to non-formula budget units begins with a forecast of available revenue. Then an estimate is made of the 2000/01 continuing base budget for each unit, assuming growth factors for salaries, student aid, library acquisitions, operations and maintenance, and other expenses. For the last several years, no growth factor has been applied to general non-salary expense. The estimated 2000/01 continuing base budget reflects the cost of conducting this year's business at next year's cost. It does not include additional funds for innovation. However, the general funds forecast for 2000/01 allowed for an allocation of $24.7 million in incremental general funds to the non-formula units above and beyond the funds needed for normal inflation of expenses.

After several years of below market staff compensation programs, our merit-based program for 2000/01 will be stronger and will focus on providing funds for market adjustments and retention. Of the $24.7 million incremental general funds, 48.5% was directed to enhance the salary program for staff, faculty, and teaching and research assistants. The remaining 51.5% of incremental general funds were allocated to specific units, after careful consideration of budget proposals, and to cover obligations such as incremental debt service, operations and maintenance and utilities on new structures, and investments in technology. The general funds allocations for each unit are detailed in the table on the next page, and some of the incremental allocations are highlighted in the description that follows.

- $1.5 million has been allocated for faculty salary supplements in the schools of Education, Engineering, Humanities and Sciences, and Law. Nearly $1.0 million of this amount is in the

2000/01 Consolidated Expenditures by Fund Type



Summary of 2000/01 General Funds Allocations (excluding Formula units)
(in thousands of dollars)

	Fully Funded Allocation[1]	Incremental Programmatic Additions[2]	Total General Funds Allocation
School of Earth Sciences	1,983		1,983
School of Education	7,886	184	8,070
School of Engineering	31,830	133	31,963
School of Humanities and Sciences	80,967	3,240	84,207
School of Law	9,948	504	10,452
Undergraduate Education	6,916	1,000	7,916
Dean of Research	14,328	175	14,503
Hoover Institution	4,128		4,128
Academic Subtotal	157,986	5,236	163,222
Stanford University Libraries	30,422	340	30,762
Student Affairs	32,792	290	33,082
Academic Support Subtotal	63,214	630	63,844
President/Provost	11,395	218	11,613
Development	12,159	803	12,962
Business Affairs	40,756	419	41,175
ITSS	34,381	500	34,881
Land & Buildings	51,907	687	52,594
Debt Service	16,167	900	17,067
Other Administrative Units[3]	4,804	844	5,648
Central Obligations[4]	39,033	2,500	41,533
Administrative Subtotal	210,602	6,871	217,473
Total	**431,802**	**12,737**	**444,539**

1 Base general funds allocations support the continuation of ongoing academic and administrative programs and do not include any incremental allocations.

2 Incremental Programmatic Additions are funds allocated for implementation of new academic or administrative programs which are anticipated to be ongoing, starting in 2000/01

3 Other Administrative Units includes General Counsel, and general funds allocations to SLAC and the Alumni Association.

4 Central Obligations include tuition allowance, the housing allowance program, systems reserve, research support mitigation, and the university reserve.

School of Humanities and Sciences and will address a lack of funding associated with billet growth in the School.

- An additional $2.2 million was allocated to the School of Humanities and Sciences. Of this $1.0 million is earmarked specifically to help reduce the deficit in unrestricted funds in the school. The remainder covers a variety of programs including the Cantor Center for Visual Arts, Stanford-in-Washington, Economics fellowships, and Jasper Ridge.
- $1.0 million has been allocated to the Vice Provost for Undergraduate Education as part of the planned build-up of this area's base budget.
- The Law School will receive $500,000 for general support of academic programs, student services, and faculty salaries.

- Over $700,000 has been allocated for technology across several administrative units. This includes support for the academic technology specialist program in the libraries, general technical support in ITSS, and classroom technology in the Vice Provost for Student Affairs.
- Incremental general funds of $175,000 have been allocated to the Office of the Dean of Research for administrative support in the Independent Labs, Centers, and Institutes.
- Significant general funds have been added to the Office of Development to augment the budget for the Stanford Fund and the President's Fund, and for increased non-salary expenses due to larger numbers of donors, gifts, and trusts.
- Additional allocations to administrative areas include $225,000 for the Controller's office, $744,000 for the Alumni Association for alumni relations, and a combined $256,000 to the Offices of the President and Provost and General Counsel.
- New and renovated buildings expected to come on-line in 2000/01 require incremental general funds allocations of $653,000 for utilities and maintenance and $900,000 for debt service. These amounts are only a subset of the total charge resulting from Capital Budget projects as some of the expenses were pre-funded in the 2000/01 budget and a portion is paid from auxiliary, service center, and formula school budgets.
- $2.5 million has been added to the administrative systems reserve, bringing it to a total of $4.7 million. This reserve is used to fund the cost of administrative systems replacement.

Designated and Restricted Funds Budget

Funds in these budgets are controlled for management purposes primarily by the schools, departments and programs, and individual faculty members. Of the total combined revenue of $490.0 million, $227.3 million is endowment income and $143.5 million is special program fees, such as patent and royalty income, corporate affiliates, and executive education programs. The budgeted expenses reflect the combined forecasts of the schools. These budgets support faculty salaries and research programs, equipment purchases, and a variety of other costs. In addition, designated funds will be used in several schools to support capital projects.

Grants and Contracts Budget

The grants and contracts budget of $585.0 million represents the sum of the direct sponsored activity under the direction of individual faculty principal investigators ($387.3 million, net of student aid) and the direct costs for SLAC ($197.7 million). The total for University direct costs builds upon the projected actuals for the current year. Total University research volume is expected to grow by 4.3% in 2000/01.

Auxiliaries/Other Budgets

The principal Auxiliary Operations are Housing and Dining Services (H&DS), Stanford University Press, and Athletics. In addition, the professional services arrangements of the Medical School are included in this group of budgets, as is the Stanford Alumni Association. Each of these operations is essentially a self-contained financial entity supporting the broader purposes of the University. As such, these organizations charge both internal and external clients/customers for their services and programs. They also pay the University for central services provided. Together these activities are projecting a deficit of $2.0 million in 2000/01.

Housing and Dining Services – Student Housing and Dining is budgeted for an operating deficit of $1.5 million for 2000/01 on revenues in excess of $81.1 million. Included in this budget are income and expenses for the 508 graduate student apartments which will open during the year.

The operating loss will be funded from Housing and Dining Services reserves. It is part of an approved long term strategy to finance the debt associated with the Capital Improvement Program (CIP) for renovations of Stanford's student residences. 2000/01 is the 9th year of the 16 year CIP program. Projects to be initiated and/or

Total Auxiliary Activity, 2000/01
(in millions of dollars)

	Revenues and Transfers	Expenditures	Excess of Revenues Over Expenditures
Medical School Professional Services	97.9	97.9	
Housing & Dining Services	82.1	83.6	(1.5)
Athletics[1]	33.0	33.0	
Press	3.6	3.9	(0.3)
Alumni Association	30.3	30.5	(0.2)
Other	12.8	12.8	
Total[2]	259.7	261.7	(2.0)

NOTES:
1 Financial Aid activity is not included.
2 This table represents gross revenues and expenditures. When incorporated into the Consolidated Budget on page 2, interdepartmental transactions of $32.0 million have been netted out.

completed during this year include renovations to Toyon and Branner Halls and completion of the remodeling of the Stern and Wilbur kitchens and food serveries. In addition, renovations to Mirrielees apartments and the renovation and seismic strengthening of the Hoskins Midrise will be undertaken during this year.

University Dining Services will continue its Value Enhancement Program which includes improvements to facilities, menu, and special events while maintaining strong controls on the cost of food and labor. For the second straight year board rates will not increase. This effort was critical to the Trustee decision in February to hold the overall growth rate of room and board to 1.9%.

Athletics – Athletics is projecting a balanced consolidated budget after a transfer of $636,000 to reduce principal on its outstanding university debt. The budget includes a decrease in football gate receipts due to a less favorable home schedule. This is offset by an anticipated increase in men's basketball ticket income. An incremental contribution of $1.3 million from the DAPER Investment Fund drives an increase in 2000/01 unrestricted funds.

Athletics continues to benefit from additional financial aid endowment funds that have been created in recent years. This income is necessary to keep pace with increases in tuition, room, and board, and the new scholarships that have been added in recent years. The total number of full scholarships increases from 284 in 1999/00 to 297 in 2000/01.

Stanford University Press – The Press is projecting a loss of $306,000 for 2000/01. This loss reflects further erosion of the sale of clothbound monographic books, which have been the bulk of the Press' publications in past years. The loss also reflects the investment in editorial and marketing programs that will be focused on new subject areas having greater sales potential, in particular the continued investment in business, organization theory and economics. It is expected that the return on these investments will begin to be realized in 2001/02.

Alumni Association – The Alumni Association will extend its regional program to engage the alumni more fully in support of undergraduate education. To accomplish this goal, the Alumni Association plans to enlist leaders in each of the major regions to serve as ambassadors for Stanford, refine and communicate the levels of service provided to each of the regions as well as the commitment expected from them, and to develop the tools and training needed for the regional representatives to succeed. The Alumni Association also plans to invest in alumni volunteer relations. The Association plans to increase staff and develop an online interactive database that will enable alumni to match their skills and interests with available volunteer opportunities. The expansion in these programs in 2000/01 will result in an anticipated shortfall of $250,000, which will be covered from operating reserves.

Medical School Professional Services – This category includes the cost of purchased services of physicians and staff by Stanford Hospital and

Clinics of $97.9 million. These services include Pediatrics, other Children's Services, and the Blood Center. Faculty who provide clinical services are at the same time involved in both research and education. All academic plans and initiatives are intertwined with the finances of this and other budget categories within the School. Nearly 73% of the income and expenses are for faculty or physician salaries and benefits; another 21% is for staff support. With the continuation of the new funds flow approach introduced in 1998/99 and the dissolution of the merger with UCSF part of the way through the current fiscal year, this source of funds to pay faculty compensation continues to be at greater risk than in prior years. The School is taking steps to establish departmental, as well as School, contingency reserves that will be necessary to cover the losses likely to occur in some of the departments that have been unable to cover their costs without subsidies. As Stanford Hospital and Clinics is reestablished it will also be necessary to reach agreements on approaches to supporting faculty or physician compensation throughout the development of new clinical programs.

The Consolidated Budget by Organizational Unit

The table on page 16 shows the Consolidated Budget for Operations displayed by organizational unit. Detailed budgets by unit may be found in Appendix A. A brief discussion of selected budgets follows.

Earth Sciences – Earth Sciences maintains a healthy financial position, despite a continued decline in general funds support and a decline in affiliate income. Financial support comes from a broad spectrum of sources: federal grants and contracts (28%); school endowment (29%); industrial affiliate programs (20%); gifts and other grants (11%); and university general funds (12%). Expenditures on new faculty, including housing assistance and lab set-up costs, have been high and will continue to be for the next several years, as commitments made during recruitment are realized. Laboratory renovations continue, and the School is able to accommodate the increased need within existing facilities. Funding for these expenses has been earmarked out of existing reserves, and has not impacted the school's ability to meet its base budget needs.

School of Education – The School of Education continues to enjoy a sound financial position. As it has in the past several years, the School expects to generate a small surplus of $700,000. It will be combined with existing reserves to support new faculty, particularly housing assistance, and funding of new initiatives such as the Learning Technology Center that the School is currently planning.

Engineering – The financial outlook for the School of Engineering continues to be strong. The School is projecting a consolidated budget surplus of $11.7 million, which will result in sizable increases in faculty reserves and restricted endowment. School-controlled reserve funds will also grow significantly over the coming year. This reserve growth has been planned in anticipation of several new academic programs and pending major capital projects. It is likely that spending from these reserves will be significant in the two years following 2000/01.

Humanities and Sciences – H&S consolidated projections continue to reflect many of the same financial challenges reported last year. Although faculty recruitment activity will decrease from 1999/00 levels, there remains a need to recruit a relatively large number of faculty at both senior and junior levels to maintain departmental strength and quality. Recruitment costs remain high, particularly in lab sciences. The School will partner with the Provost and President to cover these costs. Continued analysis of the School's finances has identified structural funding problems in on-going operational costs. The School plans to cover these costs in the short term through better use of its funds and in the long term through development initiatives.

Consolidated fund balances are projected to grow by $6.4 million. It should be noted that this increase is the net of continued decreases in fund

Projected Consolidated Budget for Operations by Unit, 2000/01

(in millions of dollars)

	Total Revenues and All Transfers	Total Expenditures	Excess of Revenue Over Expenditures
Academic Units:			
School of Earth Sciences	25.3	24.7	0.6
School of Education	24.7	24.0	0.7
School of Engineering	181.8	170.1	11.7
School of Humanities & Sciences[1]	204.2	197.8	6.4
School of Law	32.2	32.0	0.2
Undergraduate Education	16.7	17.3	(0.6)
Dean of Research	109.7	109.1	0.6
Graduate School of Business[1]	72.7	79.1	(6.4)
School of Medicine[1]	465.2	472.3	(7.1)
Hoover Institution	28.4	27.6	0.8
Total Academic Units	1,160.9	1,154.0	6.9
Academic Support Units:			
Stanford University Libraries	51.5	51.5	
Student Affairs	35.8	38.8	(3.0)
Learning Technology & Extended Education	18.5	19.3	(0.8)
Total Academic Support Units	105.8	109.6	(3.8)
Total Administrative[2]	281.6	285.2	(3.6)
Auxiliaries	227.7	229.7	(2.0)
SLAC	197.7	197.7	
Indirect Cost Adjustment[3]	(120.6)	(120.6)	
Student Financial Aid Adjustment[4]	(83.6)	(83.6)	
Grand Total from Units	1,769.5	1,772.0	(2.5)
Other Anticipated Income[5]	29.8		29.8
Total Consolidated Budget	1,799.3	1,772.0	27.3

NOTES:
This budget does not reflect a direct allocation of tuition revenue in those units not operating under a formula funding arrangement.

1 The budget lines for the School of Medicine, Graduate School of Business, and H&S do not include auxiliary income and expenses. These items are shown in the Auxiliaries line. These auxiliary operations include Medical School Professional Services, the Schwab Center of the GSB, and Stanford in Washington and Bing in H&S. These auxiliary revenues and expenses can be seen in more detail in the Schools' Consolidated Forecasts in Appendix A.

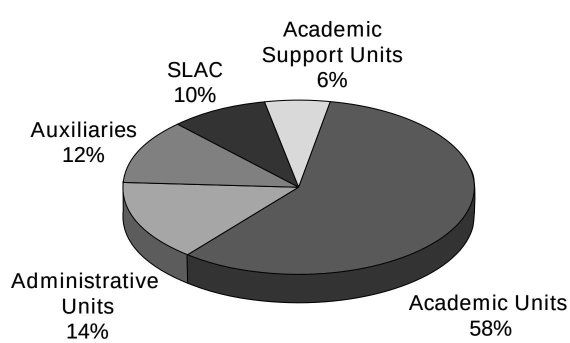
2 The deficit of $3.6 million in the Administrative areas is the net of a transfer to the plant division for administrative systems replacement and the $10.0 million university reserve.

3 The academic unit budgets include both direct and indirect sponsored income and expenditures. Indirect cost funding passes through the schools and is transferred to the University as expenditures occur. At that point, indirect cost recovery becomes part of unrestricted income for the University. In order not to double count, indirect cost recovery of $120.6 million received by the Schools is taken out in the "Indirect Cost Adjustment" line.

4 In accordance with the University financial statement format, certain types of student financial aid are shown as negative income against student income in the Consolidated Budget. Because it appears in the revenue and expense of the academic units, $83.6 million is removed in the "Student Financial Aid Adjustment" line.

5 The $29.8 million shown in Other Anticipated Income is based on historical experience and reflects our belief that the University will receive additional unrestricted and/or restricted income that we cannot specifically identify by unit at this time.

2000/01 Consolidated Expenditures by Unit



balances controlled at the Dean's Office and substantial growth in department and faculty-controlled fund balances. Detailed analysis of School funds and accumulated fund balances continues in conjunction with University development and legal staff. Thus far, $4 million in fund balances have been identified and used to support the 1999/00 operating budget. This project will continue through the remainder of the year to identify additional fund flows and accumulated balances that will be used in support of the School.

Law School –The Law School consolidated forecast projects additional success in acquiring expendable gifts to support academic programs, even after the recent end of the Campaign. Estimated income closely matches projected expenses.

Dean of Research – The Dean of Research consolidated budget projects an increase in fund balances of almost $640,000. The strong performance of the endowment and patent income generated in the Office of Technology and Licensing (OTL) have provided an opportunity to increase reserves. In addition, several Stanford Graduate Fellows will be on leave next year, reducing fellowship expenses.

Graduate School of Business – Excluding proposed capital/plant projects ("transfers to plant"), the proposed budget for the GSB results in a deficit of about $5.0 million. Critical factors are the estimated net increase in the number of faculty, new research and course development initiatives, and ongoing investment in technology infrastructure and support. With the conclusion of the very successful 75th anniversary campaign in 1999/00, expendable gifts are assumed to return to historical levels in 2000/01.

When the proposed capital projects and housing loans funded by the school to recruit and retain faculty are added, the deficit is projected to increase to $6.4 million. The deficit will be funded by budget savings and other accumulated funds raised recently to provide the Dean with support for critical innovative and competitive investments.

School of Medicine – The Consolidated Plan for the School shows significant growth in expenses and revenue and substantial use of reserves, particularly in support of transfers to plant. The Consolidated Plan projects revenues and transfers of $465.2 million (excluding professional services), use of reserves of $7.1 million, and total expenses of $472.3 million.

Revenue Growth: The increase in revenues, before transfers, over the 1999/00 Consolidated Plan is 12.6%. It is related to continuing refinement of designated and restricted income forecasting, anticipated stabilization of funds flows from clinical sources, increased investments in programs and new faculty, and strong growth in sponsored projects. Year-end projections for 1999/00 show sponsored activities almost 3.0% higher than the 1999/00 Plan and the School's 2000/01 Consolidated Plan anticipates an additional increase of more than 8.9%.

Expense Growth: The School expects to recruit approximately 24 incremental tenure-line faculty and 29 incremental medical center line faculty during 2000/01. The increase in medical center line faculty is a direct result of the need to develop new clinical programs in order to revitalize the clinical enterprise. This anticipated increase in faculty and supporting staff, when added to annual salary increases and changes in benefits rates, accounts for more than 66% of the anticipated increase in expenses in the 2000/01 Consolidated Plan. Incremental investments in programs include approximately $12.6 million to satisfy commitments made to recently appointed department leaders, approximately $1.6 million for additional information technology initiatives, and $1.0 million to support the activities of the Vice President for Medical Affairs.

Use of Reserves: The School plans to use some of its accumulated reserves for program development and facilities revitalization during 2000/01. This is reflected in the transfers from endowment of approximately $29.5 million as well as the reduction in ending operating equity. During the current year the facilities master plan to improve critical education and research space and revitalize the E.D. Stone buildings (now known as the GALE project) has been more fully developed and the approach to funding defined. While the majority of the project will be funded by gifts, a portion of the support will come from sources held by several of the academic departments. In order to meet this support obligation the departments will need to liquidate approximately $29.5 million of funds functioning as endowment during the next year in addition to using reserves they currently hold in the expendable funds pool. In 2000/01, funding the capital budget, planned maintenance, and departmentally initiated and funded projects will also require debt of approximately $8.3 million and gifts yet to be raised of approximately $37.3 million.

Vice Provost for Student Affairs – The 2000/01 Consolidated Budget for the Vice Provost for Student Affairs shows an overall decrease in fund balances of nearly $3.0 million. This results from the planned use of $4.3 million of accumulated reserves for the replacement of the current Cowell Student Health Center building with a new structure. Other fund balances will show modest increases similar to the results of the past several years.

IMPACT OF THE CAPITAL BUDGET ON THE CONSOLIDATED BUDGET FOR OPERATIONS

Next year's Capital Budget calls for $273.9 million in expenditures on capital projects. The impact of these expenditures on the Consolidated Budget for Operations is shown in two places. The first is $3.6 million in incremental debt service for those projects that will be coming on-line in 2000/01 or which had less than a full year of debt service in 1999/00. The second is $2.9 million for the incremental operations, maintenance, and utilities costs required to run those facilities.

The details of the Capital Budget for 2000/01 are included in Section Three of this document.

PROJECTED STATEMENT OF ACTIVITIES

In order to provide a consistent and clear linkage between the Consolidated Budget for Operations and the various annual financial documents presented to the Stanford Community, we are including a projected 2000/01 Statement of Activities, shown on page 19, that highlights the University's operations within the total unrestricted net assets. The Statement of Activities (analogous to a corporate profit/loss statement) is found in the audited annual financial report. In 1996, the University adopted Statement of Financial Accounting Standards (SFAS) 116 and 117. Under the provisions of SFAS 116 and 117, net assets, revenues, expenses, gains, and losses are classified into one of three categories: Unrestricted, Temporarily Restricted, and Permanently Restricted.

- Unrestricted Net Assets are expendable resources used to support the University's core activities of teaching and research. Although these net assets are classified as "Unrestricted" under the new accounting standards, they may be designated by the University for specific purposes or be subject to contractual agreements with external parties or to donors' restrictions.
- Temporarily Restricted Net Assets contain donor-imposed restrictions that cannot be met during the fiscal year in which they are received.
- Permanently Restricted Net Assets are subject to donor-imposed restrictions requiring that the principal be invested in perpetuity. Note that funds invested in the endowment because of a University decision, which are often referred to as funds functioning as endowment, are included in Unrestricted Net Assets, and not in Permanently Restricted Net Assets like the pure endowment funds.

Temporarily and Permanently Restricted Net Assets are not reflected in the budget, since they cannot be used for the current year operations. Therefore, the table on page 19 only represents the operating revenues and expenses in the Statement of Activities for Unrestricted Net Assets.

Comparison of Consolidated Budget and Projected Statement of Activities, 2000/01 for Unrestricted Net Assets
(in millions of dollars)

Statement of Activities				2000/01		
1998/99 Actuals	1999/00 Budget	1999/00 Projected Year-End		Projected Consolidated Budget	Adjustments	Projected Statement of Activities
			Revenues and Other Additions			
			Student Income:			
147.4	153.0	153.0	Undergraduate Programs	162.0		162.0
141.9	149.8	149.7	Graduate Programs	156.7		156.7
61.3	59.5	63.0	Room and Board	67.1		67.1
(72.3)	(75.3)	(71.5)	Student Financial Aid	(83.6)		(83.6)
278.3	287.0	294.2	Total Student Income	302.2		302.2
			Sponsored Research Support:			
357.5	388.3	376.4	Direct Costs—University	392.4		392.4
170.7	193.0	186.8	Direct Costs—SLAC	197.7		197.7
105.5	111.2	113.9	Indirect Costs	120.6		120.6
633.6	692.5	677.2	Total Sponsored Research Support	710.7		710.7
97.4	80.0	87.0	Expendable Gifts In Support of Operations	87.0		87.0
			Investment Income:			
261.6	270.5	287.3	Endowment Income	315.1		315.1
141.2	66.2	103.0	Other Investment Income[a]	99.3	5.0	104.3
402.8	336.7	390.3	Total Investment Income	414.4	5.0	419.4
			Other Income:			0.0
136.8	122.0	140.0	Special Programs Fees	143.5		143.5
146.4	153.4	159.5	Auxiliaries (excluding Room & Board)	163.8		163.8
40.6	40.2	56.0	Other	57.8		57.8
323.7	315.6	355.5	Total Other Income	365.1		365.1
1,735.8	**1,711.8**	**1,804.2**	**Total Revenues**	**1,879.3**	**5.0**	**1,884.3**
			Transfers			
32.9	25.5	25.0	Net Assets Released from Restrictions	25.0		25.0
			Transfer to Funds Functioning as Endowment[b]	(24.4)	24.4	0.0
			Transfer to Plant/Student Loan[c]	(80.6)	80.6	0.0
1,768.7	**1,737.3**	**1,829.2**	**Net Revenues After Transfers**	**1,799.3**	**110.0**	**1,909.3**
			Expenditures			
318.1	310.0	348.5	Academic Salaries and Benefits	367.7		367.7
329.8	374.6	359.5	Staff Salaries and Benefits	386.0		386.0
93.9	96.8	156.0	Depreciation[d]		136.6	136.6
170.7	193.0	186.8	SLAC	197.7		197.7
211.7	213.3	219.5	Auxiliary Activity	229.7		229.7
293.6	291.5	302.8	Institutional Support	313.4		313.4
201.9	185.4	196.0	Other Operating Expenses[e]	277.5	(73.6)	203.9
1,619.6	**1,664.6**	**1,769.1**	**Total Expenditures**	**1,772.0**	**63.0**	**1,835.0**
		(20.0)	**Stanford Hospital and Clinics***			Not Available
149.1	**72.7**	**40.1**	**Surplus/(Deficit)**	**27.3**	**47.0**	**74.3**

* Stanford Hospital and Clinics (SHC), a separate corporation, is not included in the Consolidated Budget. However, SHC 1999/00 financial results from April 1, 2000, the date of the dissolution of UCSF/Stanford Health Care, will be consolidated with the University's financial statements. The $20.0M deficit is a projection for the five months ending August 31, 2000.

Converting the Consolidated Budget into the Statement of Activities

The following key points explain the connections between the Consolidated Budget for Operations and the *operations* component of the Statement of Activities for Unrestricted Net Assets[1]. There are two main differences between the Statement of Activities and the Consolidated Budget for Operations. First, the Consolidated Budget for Operations reflects only funds used for *current* operations while the Statement of Activities is a summary of all unrestricted net assets, including current, plant, student loans, and funds functioning as endowment. Therefore, in the Statement of Activities, a transfer from current funds to Funds Functioning as Endowment (FFE) or the plant division has a net effect of zero. Second, the Consolidated Budget for Operations is essentially built on a cash basis, while the Statement of Activities is built on an accrual basis. Therefore, moving from one to the other requires the following adjustments:

1. Adjustments to Move from Only Current Funds[2] to All Types of Funds (Lettering Below, a-e, Refers to Line Items on Page 19):

a) Other Investment Income: This $5.0 million adjustment represents interest earned by the Plant and Student Loan funds and is added to the Consolidated Budget investment income to equate to the Statement of Activities.

b) Additions to Funds Functioning as Endowment: The Consolidated Budget for Operations projects that the schools will transfer $24.4 million to the endowment division, as FFE to be invested in the merged endowment pool. As explained above, endowment division is part of total Unrestricted Net Assets, therefore transfers from current funds to FFE have a net effect of zero in the Statement of Activities. To create the Statement of Activities, these transfers are added back in.

c) Transfer to Plant/Student Loan: $80.6 million of current funds are expected to be used to fund capital expenditures. These amounts are added back to the Consolidated Budget for the same reason as in b), above.

2. Adjustments To Move From A Cash Basis To An Accrual Basis:

d) Depreciation: Depreciation on all non -auxiliary capital assets is projected at $136.6 million. Because it is a non-cash charge, depreciation expense is not included in the Consolidated Budget for Operations. Therefore, an adjustment is made to reflect $136.6 million of depreciation in the Statement of Activities. (Auxiliary asset depreciation is included in the auxiliary activity line.)

The significant increase in depreciation expense in the 1999/00 projected year end actual compared to budget is due primarily to the adoption during 1999/00 of a revised set of estimated useful lives for the University's assets. Government regulations now require that useful lives and methods used for indirect cost recovery purposes conform to those used in financial statements.

e) Equipment Expenditures: Of the total capital asset additions, approximately $73.6 million of equipment expenditures will be funded from current operating funds. These expenditures are included in other operating expenses in the Consolidated Budget for Operations. For financial statement purposes, these expenditures are capitalized and are not reflected as expenses in the Statement of Activities. An adjustment is made to remove the $73.6 million for equipment expenditures from the other operating expenses line.

In summary, the impact of capitalization and the flow of funds for plant purposes described above result in a change in the bottom line of $47.0 million, from a $27.3 million surplus in the Consolidated Budget projection to a $74.3 million surplus in the Statement of Activities projection.

[1] Certain non-operating components of Unrestricted Net Assets or gains in funds functioning as endowment, are not included in the Statement of Activities on page 19.

[2] Current funds are resources that are expendable for the primary instruction and research mission of the University, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered Current funds, as they are held for other specific purposes.

Section 2
Academic Initiatives and Plans

In this section we focus on the programmatic elements of the Budget Plan by describing the principal planning issues in the schools, major labs and institutes, and the academic support areas.

SCHOOL OF EARTH SCIENCES

One of the most significant challenges facing the School of Earth Sciences is to develop a new model for industry partnerships. For some time, a large portion of the School's activities has been funded out of industrial affiliate income. With the consolidation of the oil industry the old model of cooperation no longer seems viable in many instances. In these cases, the school is working with companies to tailor alliances and research projects that capitalize on our research interests and their specific needs. This will be an evolving process as both the industry and our research groups test out these new relationships. The School's intention is to continue vigorous research programs while regaining an income stream through these new alliances.

Earth Sciences is completing its first year with a full complement of faculty recruited under the School's Ocean Margins program. Curriculum development is continuing in this area, with the first oceans track classes having already been taught this year. Much of the curriculum development is taking place in cooperation with Stanford's Learning Lab. The design of several classes is contingent on a close relationship with Hopkins Marine Station and the Monterey Bay Aquarium Research Institute for both content and presentation. The course sequence will utilize technology to develop a live video link between these institutions, allowing for an innovative delivery of course material and lab exercises. The School has allowed the Learning Lab to use space in Green Earth Sciences as a curriculum development laboratory for this particular project. Once the development phase has ended, the School plans to convert these rooms into unique classroom space to support the ocean margins curriculum.

The Earth Systems Program continues to grow and serve as the School's major draw of undergraduates. With its burgeoning co-terminal masters' program, Earth Systems shows no signs of slowing. In fact, discussions are well under way to develop a PhD program within Earth Systems. If approved, we anticipate the first students being enrolled in the fall of 2002.

SCHOOL OF EDUCATION

The School of Education remains in an intensive period of faculty recruitment that will lead to a replacement of over 50% of the faculty during the period 1994/95-2000/01. Six new faculty joined the School in 1999/00, and there could be five more new faculty in 2000/01 if open searches are filled. Faculty searches during 1999/00 include positions in sociology of education, social studies/civic education, child development, and technology and education.

Recruitment of faculty in technology and education will augment research and development in technology-based educational interventions grounded in contemporary theories of learning, cognition, and social practice. Once the searches in technology and education are completed, the School will expand its current program in Learning, Design, and Technology to include a doctoral program. A major task will be to create a Learning Technology Center that incorporates design components and supports software development and product-oriented research. This will be a multi-year project.

Under the direction of Professor Linda Darling-Hammond, the School continues the redesign of the Stanford Teacher Education Program (STEP). Professional Development Schools (PDSs) have been established, allowing the School of Education to make a stronger impact on the teaching and learning in those schools, but also in many other Bay Area schools linked to them. These PDSs present an opportunity for local schools and School of Education faculty to work collaboratively on a school reform agenda, to prepare new teachers, and to enhance the capacity of practicing teachers. Another part of the "redesign" includes infusing technology into the curriculum of the courses in the teacher education program. With the support of a federal grant, STEP leads a consortium of schools, colleges and non-profit education organizations that will infuse powerful uses of technology into both the university-based and school-based curriculum of pre-service teachers. Finally, by the end of 2000/01, STEP hopes to have made some structural changes to encourage more Stanford undergraduates to enter the teacher education program.

As an extension of the "Children and Communities" initiative begun in 1998/99, the John Gardner Center for Youth and Their Communities will become a reality in the fall of 2000. This Center will be a university-community partnership to build new practices, knowledge and capacity for youth development and learning within Bay Area communities and Stanford. It will support community-based efforts to join school reform, youth development, and community development into a cohesive set of arrangements that enhance future prospects of youth. The School foresees meaningful, long-term engagement by Stanford's faculty and students in reconsidering the role of research and professional practices in supporting community collaboration for youth development and learning. The Gardner Center will serve as facilitator, convener, resource, and evaluator, generating reflection, knowledge, documentation, and analysis for those communities and for Stanford.

SCHOOL OF ENGINEERING

There are three areas where new initiatives are being explored in the School of Engineering.

- Biomedical Engineering – The Institute for Biomedical Engineering was launched this year with faculty and staff working on program planning, curriculum development, fundraising, and finance. The immediate challenges are to define the graduate curriculum and to clarify the organizational structure of the Institute.
- Materials – Across the University, there are a number of related efforts that may represent opportunities for Stanford to affect research and teaching in the materials area. A faculty committee has been organized to look at these issues over the coming months and to propose possible actions.
- Computational Mathematical Engineering – The School has great strength in computation, and the field has become quite pervasive across all of the School's teaching and research programs. Because of the growing importance of this area, the School is exploring options for formalizing the teaching and research activities of this discipline.

The School also continues to develop programs that encourage undergraduates to consider engineering as a field of study. Engineering's summer programs, one for entering Stanford students and one for continuing students interested in an undergraduate research experience, have been met with enthusiasm. Over the past year we have had two pilot programs in the school: one in Civil and Environmental Engineering for students seeking to work on research during the academic year and an intensive summer program in Electrical Engineering. The programs have been successful, and the School intends to sponsor these programs again and to increase the number of available undergraduate research options.

To support these efforts, the School must have appropriate teaching and research facilities. Over the past decade, the School of Engineering completed the first part of an ambitious plan for the construction of new facilities and the renewal of existing space. Over the next ten years there will be a second set of construction and renewal projects designed to build upon what has been accomplished.

Over the next several years, Electrical Engineering, Computer Science, Chemical Engineering and Biomedical Engineering will be fully housed in the same general area, forming one end of the Science and Engineering region. These departments and their areas of inquiry involve a large number of Engineering's faculty and students and represent important frontiers of new knowledge.

For this reason, the School plans to devote substantial resources to the further enhancement of this region and its facilities. Most of this development will occur along the western side of the Science and Engineering Quadrangle, along Via Ortega.

SCHOOL OF HUMANITIES AND SCIENCES

Academic planning efforts next year in Humanities and Sciences will be focused on several departments that were reviewed by external visiting committees this year. These were: the Departments of Applied Physics and Physics, Art and Art History, Economics and the Division of Literatures, Cultures and Languages. The latter included the review of the Departments of Asian Languages, Comparative Literature, French and Italian, German Studies, Slavic Languages and Literatures, and Spanish and Portuguese. The Language Center and the Divisional structure were also reviewed. Concurrently, the Dean's Office will develop a long-range School-wide strategic plan that merges its academic, budget and space planning and provides a context in which resource allocation decisions can be made more effectively.

There are a number of significant undergraduate education issues that are part of the School's overall agenda. In January, an *ad hoc* Advisory Committee on Interdepartmental Programs (IDPs) was convened to provide guidance to the Deans on the status of IDPs. The Committee was charged with addressing a host of issues, including the advantages and disadvantages of teaching programs outside of departmental structures, the extent of resources made available to programs, the strength of ongoing faculty support, and organizational structures. The Committee's report will be delivered by the end of spring quarter, and the consideration and implementation of its recommendations will be a centerpiece of the School's agenda in 2000/01.

Also new this year is a process that will lead to a full-scale review of all undergraduate and graduate curricula and degree requirements in the major and minor. Departments are selected from among those scheduled for external review by the School, and the H&S Curriculum Committee serves as the reviewing body. Focal points of the reviews are program coherence and rigor, the quality of teaching and advising, and the effectiveness of the learning environment. Because of the size of the School, H&S plans to complete its review of the approximately 55 degree programs over a period of five years.

As in previous years, the President's Fund and the Stanford Fund have provided important seed funding for pilot projects across the School. Activities that will be launched next year include the Center for the Study of the Novel, a new interdisciplinary effort in Asian Religions and Cultures, a study of and mitigation funds for laboratories and lab curriculum in the sciences, course development that will strengthen the global character of the undergraduate curriculum, and expanded internship opportunities for the Overseas Studies Program. Another new initiative, the Stanford Humanities Lab, will fund pilot projects that are collaborative in nature, drawing together teams of senior faculty, advanced undergraduates and postdocs, as well as museum curators and individuals from area cultural centers and industries.

SCHOOL OF LAW

The Campaign for Stanford Law School closed this year, having raised $115 million—$65 million beyond the original goal. The Campaign enabled the School to bring its faculty salaries more in line with most of our peer institutions, to help fund the establishment or expansion of several academic programs, and to increase student aid by 40%.

Despite the success of the Campaign, Stanford Law School faces several key challenges. Peer schools with greater resources are increasing their efforts to recruit faculty by offering dramatic pay packages. The skyrocketing cost of housing in the Bay Area only magnifies this differential. Faculty recruitment and retention remain the single most critical issue facing the School.

The inadequacy of the Law School's physical plant is also an issue of growing concern. In the 25 years since Crown Quadrangle was built, no significant effort has been made to renovate the facility. The buildings are in need of repair and are becoming technologically obsolete. The creation and expansion of programs such as Law & Economics, Law & Business, Law, Science & Technology, Transnational Business, Environmental Law, and Negotiation and Conflict Resolution have placed greater demands on space.

Space is likewise an issue for Law students. Those fortunate enough to be offered campus accommodations are housed either in Crothers or scattered throughout dorms a considerable distance from the School. This situation not only puts the School at a disadvantage with our peer schools, but it detracts from the lively intense academic environment. The School is optimistic that external funding can be secured for facilities enhancements.

Last spring the Law School created a Dean's Strategic Council (DSC) to assist planning for its future. This 30 member team represents the School's most trusted and influential advisors. A parallel faculty, staff and student committee is being formed and will work in tandem with the DSC, exploring the most pressing issues facing the School and helping to develop plans to address those needs.

GRADUATE SCHOOL OF BUSINESS

The School's single most important goal, and the single most critical budget assumption, is recruiting and retaining faculty. The proposed budget assumes a net increase of twelve faculty, with related increases in faculty support staff, research assistants, and housing support. It also assumes retention of key faculty, despite the intense competition for outstanding scholars that continues unabated. Closely related are new faculty-driven research and course development initiatives in social innovation, e-business/e-commerce, and global organizations, as well as increased research and course development in entrepreneurship, supply chain management, and casewriting.

Over the past year, most of the original GSB-South Building was renovated and refurbished, improving the look and comfort of student areas and the location and workspace of staff. Most of the capital investment proposed for 2000/01 is for ongoing upgrades in classroom technology, including the first phase of infrastructure and equipment for remote videotaping and videoconferencing. Technology investment continues at a high level to support teaching, research, and business processes, including creating a web presence.

Earlier this year, Dean Joss commissioned a strategic review of competitors and developments in the "markets" for management research and education to serve as the starting point for exploration and then implementation of strategic options. With this project still in process, the 2000/01 budget does not provide for specific investment in initiatives or directions that might result from that review; although the significant investments in faculty and technology included in the budget are essential building blocks for the future.

In addition, the School will continue to:

- Pursue alternatives for "globalizing", including experiments with delivering Executive Education programs in other countries, ongoing student study trips, and exploration of international "alliances" in coordination with the strategic plan.

- Work closely with UNEXT (and other vendors, as appropriate) to develop course modules and teaching materials for web-based and other technology-enhanced delivery. Develop faculty workload and compensation policies that support participation in GSB-sponsored activities, and develop linkages with local corporate management development needs.
- Increase the percentage of alumni participation in fundraising from the current approximately 30%, and consider "public relations" strategies for making the GSB look "bigger" in impact than it is in numbers, including in dissemination of faculty research.

The School will also undertake a number of internal initiatives to improve communication and management with and among faculty, staff and students. These include improving the admissions selection processes; improving the annual review process for senior faculty in particular (to include development plans and peer review); improving overall management of staff, including "user evaluation" in each area that provides service; and improving the diversity of faculty, staff and students.

SCHOOL OF MEDICINE

Recruiting and retaining faculty and faculty leaders has been and will continue to be a critical issue facing the Medical School. In 1999/00, the School completed the appointment of a new chair in the Department of Anesthesia and expects to appoint a new Dean before the end of the fiscal year. Investments in programs in Anesthesia, as well as in Surgery, Pathology, Medicine, Molecular Pharmacology, Neurology and Neurological Sciences, and Ophthalmology, will continue as recently appointed chairs realize their faculty recruitment and program plans.

The completion of the Center for Clinical Sciences Research (CCSR) has allowed for the recruitment of some faculty positions that previously remained vacant due to lack of available research space. However, the cost of housing in the local area remains a serious problem in recruiting high quality faculty from other parts of the country and in retaining some of the younger faculty with growing families. The relocation and zero-interest loan programs have been key elements of successful recruitment packages.

Research activities in the School continued to grow at a substantial rate of more than 9% in direct research expenditures during 1998/99. Cumulative growth in direct research expenditures in the School has exceeded 50% in the five year period from 1994/95 through 1998/99. The School has accomplished this remarkable growth while increasing research space only 10 percent. Direct research expenditures during the current year are expected to exceed those of 1998/99 by approximately 12% and to remain strong in 2000/01. While the opening of CCSR provides almost 134,000 square feet of state-of-the-art research facilities, it will not provide enough additional space to allow the School to vacate research space leased off-campus or to house all of the new faculty and programs currently in planning.

One of the initiatives begun in 1998/99 and gathering momentum in the current year is the redefinition of an appropriate curriculum for students in the biomedical sciences to prepare them to be leaders in academic medicine. Faculty task forces are presenting plans regarding the educational facilities needs and proposed changes to the medical student curriculum for implementation in the fall of 2001. The School anticipates substantial progress in this area and in reform of the curriculum for graduate students during the upcoming year.

Plans for the necessary revitalization of the E. D. Stone buildings are well underway and specific programs are being developed. These include major changes to the library and teaching space, through replacement of the Edwards Building, which will help position the School to explore the opportunities for educational outreach and distance learning. The resources to complete this revitalization plan have not yet been fully identified and will depend, in large part, on gifts for this purpose.

During the current year the clinical activities of the School are transitioning from the merged enterprise, UCSF Stanford Health Care, to a new clinical enterprise, Stanford Hospital and Clinics (SHC), which includes Lucile Salter Packard Children's Hospital. The new entity will be more closely linked to the School of Medicine with the creation of the position of the University's Vice President for Medical Affairs who will oversee the activities of both the Hospitals and the Faculty Practice of the School. This new structure provides for more physician participation in the management of the clinical activities and is expected to support the growth of new and innovative programs that will benefit both the Hospitals and the School.

The challenges of the current health care market will continue to impact the profitability of many clinical programs, which will make investments in new programs more difficult, and require that current programs be critically evaluated in terms of their role in the threefold mission of the School. In addition, the resources that will return to SHC with the dissolution of the merger are less than those available before the merger. This will limit SHC's flexibility and opportunities to invest in new programs and challenge their ability to continue to provide the support to the academic programs that has been available in the past.

The School is fortunate to have developed reserves, both centrally and in the departments, but will continue to have pressing needs to develop and enhance existing programs and to satisfy commitments to department chairs and departments around program support and space. The development campaign, as well as ongoing income and responsible use of reserves, should provide the needed support.

HOOVER INSTITUTION

The Hoover Institution will close its $75 million fund-raising campaign—*Ideas Defining a Free Society*—successfully this year, raising well in excess of its stated goal, doubling the donor base, and securing increased, sustained expendable giving. With the campaign's completion, the Institution is financially stable and poised to launch new initiatives.

After a number of years of modest growth Hoover plans expansion in a number of areas. The Hoover Library and Archives will expand their collecting activities; the Institution will embark on new research initiatives and expand the depth and breadth of existing programs; and dissemination of the Institution's ideas will be emphasized in the coming years. Current planning has the Institution growing by 30 percent between 1998/99 and 2003/04.

Library and Archives – The Hoover Library and Archives will continue to acquire material on social, political, and economic change for its six area collections (Africa, Americas, East Asia, Europe, Middle East, and Russia and the CIS). In addition, projects to collect archival and other special materials are under way in three key subject areas: transition to democracy and economic freedom, history of communism in the Soviet Union, and the Islamic movement and its conflict with the West.

Research – The research program will grow by increasing the number of resident fellows and by incorporating more affiliated (part-time) fellows into the research program. Ongoing institutional research projects, such as the K-12 Education Initiative, the National Security Initiative, the Property Rights Initiative, and the Initiative on the End of Communism, will be a focus of increased support.

Communications – In addition to its two outreach vehicles, the *Hoover Digest*, a quarterly journal on research and public policy, and *Uncommon Knowledge*™, a weekly public affairs television series, the Institution inaugurated a weekly essays series featuring Hoover fellows writing short articles for national weekly and monthly periodicals.

The Hoover Institution Press will increase its publication output in 2000/01. After publishing six to eight books a year in the 1990s, the publication rate will soon increase to twenty-five books a year.

Facilities – A capital project is in progress that will recast the bells of the Hoover Tower carillon, add a fourth octave, repair the automatic play mechanism, and build a carillonneur's playing cabin. This project will be completed by the end of 1999/00.

Securing additional storage for library and archives material remains a focus of the Institution. By 1999/00, storage in the library and archives will be virtually at full capacity and well in excess of "working" capacity. In addition, ongoing needs include a state-of-the art preservation facility, a media reading room to provide access to a growing collection of archival audiovisual holdings, and space in which additional archival technical services staff can catalog the growing collections.

VICE PROVOST AND DEAN OF RESEARCH AND GRADUATE POLICY

The Office of the Vice Provost and Dean of Research and Graduate Policy has several important functions: the development and oversight of research policy, management of the Office of Technology Licensing and the Environmental Safety office, oversight of the Independent Laboratories, Centers, and Institutes, and policy development for Stanford's graduate education program.

This year Stanford Graduate Fellowship Program reached its goal of awarding 330 fellowships to outstanding graduate students in science, engineering and the social sciences. In addition, the program supplements the stipend of students who come to Stanford with three-year National Science Foundation or similar grants. Of the students chosen as Stanford Graduate Fellows, 92 also earned nationally competitive fellowships and are honored as joint fellows.

The eight Independent Laboratories, Centers, and Institutes reporting to the Dean of Research encourage and support Stanford's openness to interdisciplinary research and scholarship, and currently account for about 40% of the total non-Medical School research volume. Of particular note is the new Laboratory for Advanced Materials, which incorporates the Center for Materials Research and establishes a home for the broader materials research on campus. In addition, there will be work with the School of Engineering in development of a new facility for the Ginzton Laboratory.

Two administrative units now report to the Dean of Research: the Office of Technology Licensing (OTL) and the Environmental Health and Safety Office (EH&S). The mission of OTL is to transfer Stanford technology for public use and benefit and to generate royalty income for research and education. OTL's success in technology transfer has allowed the establishment of 25 Stanford Graduate Fellowships. EH&S has established a stable program which devotes its resources to the continued support and welfare of the Stanford community and, especially, its research activities.

VICE PROVOST FOR UNDERGRADUATE EDUCATION

In 1999/00, the Stanford Introductory Studies (SIS) programs of the Office of the Vice Provost for Undergraduate Education (VPUE) reached full capacity after the recent period of rapid growth and expansion.

- Introduction to the Humanities (IHUM) provided all 1,750 freshmen with the fundamental challenge of developing their powers of textual interpretation in response to multiple faculty perspectives and different disciplinary methods.
- Freshman Seminars brought 120 groups of 16 or fewer students into close intellectual connections with faculty through inquiry-based classes that ranged across the spectrum of knowledge.
- Over 145 Sophomore Seminars and Sophomore College classes (maximum enrollment of 12) inspired second-year students toward decisions about their major field of concentration and established important faculty mentor relationships for potential research experiences in subsequent years.

- Freshman-Sophomore College added a residential dimension to the opportunities for building relationships between faculty and first- and second- year students, with over 40 faculty meetings over dinner on a regular basis at the Dean's House in small groups selected from the 180 resident students.
- The Writing and Critical Thinking Program welcomed its new faculty director to oversee implementation of reforms in required first-year writing courses and improved coordination with other university writing programs.
- The Science, Mathematics and Engineering Core redesigned its program to match faculty resources to student interest.
- The Large Introductory Course project enhanced delivery of instruction in calculus and continued support for enhancements in economics and chemistry.

Taken together, these SIS programs reached all freshmen and almost all sophomores, and involved more than 300 faculty in teaching first- and second-year students, the vast majority in small classes.

In 1999/00 Departmental Grants for Independent Study and Research expanded from a limited pilot initiative to become an established feature of the VPUE. Over 200 upperclass students are served by these new initiatives, and many of them will acquire the research skills necessary for undertaking an honors project. Some of the fellowship recipients will be housed on campus over the summer in a Summer Research College, building on the success of the Honors College in September. Together with the residential Honors College serving about 130 students and about 450 student grants from Undergraduate Research Opportunities, the Departmental Grants for Independent Study and Research have added an important dimension to the undergraduate experience.

The Budget Plan for 2000/01 aims to sustain the high standards of excellence that these vibrant undergraduate programs have achieved and to continue to foster selective innovation. The budget anticipates a slower rate of growth as appropriate to a steady-state rather than rapid-growth environment. Priority for VPUE investments goes to effective quality control and to new initiatives sparked by the success of past innovations.

New for 1999/00 is a comprehensive plan for building a technology infrastructure that promotes two goals – faculty development and assessment of undergraduate programs. In response to faculty feedback, the VPUE will offer technology services to professors in support of their SIS courses. Academic Technology Specialists with expertise in pedagogy will help faculty design tools that will allow the best use of valuable in-class time.

Besides support for classroom teaching, additional technology services will enable VPUE program directors and managers to assess program quality and effectiveness. The VPUE will use the findings to guide the development of new initiatives, to ensure the continuous adjustments of the program in response to faculty and student needs.

An example of such a new initiative is the Sophomore Mentoring program, jointly administered by the Freshman and Sophomore Programs office and the Undergraduate Advising Center. In 2000/01, the program will expand from a small pilot to an important component of sophomore advising. Professors who have taught Freshman Seminars or Sophomore College are invited to serve as formal academic advisors for students who took their course. Students are offered the possibility of switching from their assigned Freshman Advisor to the new Sophomore Mentor. This program is expected to match over 200 sophomores to faculty advisors, many of whom have never previously participated in pre-major advising. The outcome is expanded capacity for advising in general and an infusion of senior faculty into mentoring relationships with students in the crucial year of the major declaration.

For 2000/01 the VPUE budget also supports the alignment of several programs for independent study, honors and research into a coherent, progressive set of programs in Stanford Advanced

Studies, following the model of Introductory Studies. Closer coordination between the departmental grant and the student grant programs is expected to provide better service to both faculty and students seeking to work together on scholarly projects. This organization will also manage Stanford's internal processes for nominating students for national fellowship competitions. The VPUE has as its goal increasing the number of successful applications for these prestigious awards as the undergraduate reforms of the past few years create the conditions for faculty/student relationships that lead to more compelling letters of recommendation.

Two initiatives in oral communication round out the new VPUE programs for 2000/01. The first of these extends the instruction in oral presentation skills that has been successful for the Sophomore College to the residents of the Freshman-Sophomore College. The second oral communication initiative is Speaking Across the Curriculum. For this effort, specialists in rhetoric and oral communication will work with faculty on adding an oral component to their course requirements and with students on preparation for the formal presentation. The Center for Teaching and Learning directs these initiatives, working in close collaboration with Freshman and Sophomore Programs and with the required Writing in the Major program.

STANFORD UNIVERSITY LIBRARIES AND ACADEMIC INFORMATION RESOURCES

During 2000/01 Stanford University Libraries and Academic Information Resources (SUL/AIR) will attempt to scale up dramatically its digital library programs adding to the current distributed array of services capacities for: overall coordination and strategic planning; meta-data creation, enhancement, and management; digital asset management and preservation; and continuing development and/or acquisition of web-based user interfaces and manipulation tools. In addition, SUL/AIR will be acquiring more information and knowledge sources in digital form through its collection development programs.

Substantial progress will be made in 2000/01 on a remote storage facility. We expect that a site will be chosen before the end of the current fiscal year and construction substantially underway next year with occupancy in 2001/02.

During 2000/01 SUL/AIR and its advisory groups and constituencies will complete and bring forward for Provostial and Presidential review a master plan for the library facilities it operates on campus. While reconstruction and activation of the Bing Wing of the Green Library has absorbed our attention for a decade, the remaining 12 on-campus facilities operated by SUL/AIR have aged and, in most cases, adapted inadequately to the new technologies.

Recruitment and retention of specialized staff have become a major challenge. Local housing prices have made it difficult to recruit librarians and information specialists. Silicon Valley firms are hiring away information technology staff, especially key middle managers. Even without these challenges it is simply difficult to find high-level, accomplished subject and technical specialists to continue to serve the varied Stanford research programs.

SUL/AIR is expanding the 24 hour reading room in Meyer Library by incorporating more space and installing desktop computers (Macintosh, Wintel, and Unix). One-time funding for this was awarded by the Provost in the 2000/01 budget; continuing this funding as base presumably will be based on occupancy rates during the year.

LEARNING TECHNOLOGY & EXTENDED EDUCATION

The Internet and other new forms of technology are bringing about significant changes in almost every aspect of society. Stanford, like many universities and colleges, is working to anticipate these changes and to take advantage of new opportunities to improve and expand programs through the use of technology. During the past year we have created a new organization, Learning Technologies and Extended Education (LT/EE), to focus greater attention on the uses of technology in both traditional and new educational programs.

Stanford has a long history of leadership in using technology for teaching and learning. For over thirty years, the School of Engineering has been making regular Stanford courses available to students in remote locations using television, videotapes and other media. Today, the Stanford Center for Professional Development (SCPD) offers more than 250 courses per year over television and the Internet, including courses that lead to a fully online master's degree in Electrical Engineering.

The Educational Program for Gifted Youth (EPGY) is another long-standing example of using technology to expand Stanford's programmatic reach. EPGY provides instruction in math, science and language skills to advanced students in primary and secondary schools as a supplement to their regular studies. Courses are delivered by CD-ROM, with access to Stanford-based tutors via telephone and the internet.

These pioneering programs have allowed us to begin to adapt quickly to the rise of "distance learning" as a major force on the educational landscape. Stanford has a large base of people and resources on which to build new programs using more advanced technologies.

LT/EE brings together both campus-based continuing education (The Continuing Studies Program, Continuing Medical Education, Professional Education programs) and technology-based distance learning programs such as SCPD and the Stanford Channel. On a combined basis, these programs serve more than 15,000 registrants per year and produce gross revenues of more than $35 million. We will expand from that base by creating a more effective infrastructure to produce and distribute programs. For example, we are presently working with the School of Medicine on a series of internet-based continuing medical education programs. We are also developing distance learning programs in areas ranging from Classics to International Studies.

Part of the strategy for distance learning will include partnerships with outside entities that can add to our production and distribution resources. We have concluded one such partnership with Unext.com, a start-up company that will develop business and management courses in conjunction with leading universities such as Stanford, Columbia and the University of Chicago. We have also announced plans for a new alliance with Princeton and Yale universities to develop and distribute distance learning programs for our collective alumni.

Technology provides opportunities not only to expand, but also to improve our traditional educational programs. The Stanford Learning Lab, now in its third year of operation, is a center for experimenting with technology in traditional Stanford courses. We have worked extensively in areas such as Human Biology, Earth Systems and Overseas Studies to develop new approaches to teaching which maximize the value of technology in the classroom. The goal is both to deploy and to carefully assess the impact of technology as part of the learning process. The Learning Lab is the center of a growing local and international community of scholars interested in these issues. Fifteen Stanford faculty members are formal members of the Lab, representing disciplines ranging from Chemistry to Education. In addition, through a grant from the Wallenberg Foundation in Sweden, the Lab is at the center of the Wallenberg Global Learning Network, a consortium of learning labs at universities in Sweden, Norway, Germany and Japan.

To be successful, LT/EE must adopt many of the characteristics of the new internet economy: flexibility, speed, and an openness to collaboration and innovation. Stanford begins from a position of leadership in this area, and we are well positioned to continue to set standards for the quality and scope of technology-based education.

STANFORD LINEAR ACCELERATOR CENTER (SLAC)

The total budget for the high energy physics program at SLAC is expected to be relatively flat in the current year, but growing program needs call for an increase in the future. Significant growth is expected at the Stanford Synchrotron Radiation Laboratory (SSRL). The SSRL budgetary increase is primarily associated with the project SPEAR3 which upgrades the synchrotron radiation facility, SPEAR. In parallel to the SPEAR3 upgrade, there is a multi-year program to upgrade the SPEAR beam lines in order to benefit from the increased beam power available with SPEAR3. Joint funding for this project is being provided by NIH and DOE.

The other major initiative of SSRL is the R&D program for an x-ray free-electron laser called the Linac Coherent Light Source (LCLS), which utilizes the last third of the linear accelerator. It is a multi-institution collaboration which includes four other DOE national laboratories and UCLA. We hope to have DOE approval to proceed to the conceptual design phase this fall and to submit a proposal for construction starting in 2002/03.

Several interesting projects are underway in the high energy physics program. The National Aeronautics and Space Administration (NASA) has recently approved the Stanford proposal for the Large Area Telescope (LAT) investigation on the Gamma-Ray Large Area Space Telescope (GLAST) mission, planned for launch in 2005. The LAT project is an international collaborative effort of the Stanford team (SLAC, Physics Department and HEPL) with several other institutions. The funding for the U.S. effort comes from NASA and DOE.

The PEP-II B Factory turn-on has been a great technical success. With the B Factory producing data at a very substantial rate, a critical increase in computing resources is needed to accommodate the anticipated data rates. Accelerator improvements are required to further increase operating efficiency and luminosity.

Another key element in the high energy physics program is an extensive R&D effort aimed at the eventual construction of a large electron-positron linear collider (NLC) which will make possible unique experimental investigations at the TeV energy scale. The NLC R&D program is being carried out in close collaboration with SLAC's sister lab KEK (Japan's National Laboratory for High Energy Physics) and three other DOE National Laboratories.

For many years SLAC has requested increased funding from DOE for infrastructure support. Aside from addressing the routine programmatic or ES&H infrastructure requirements, SLAC needs to complete the replacement of 35 year-old equipment and utility systems, and to finish a seismic upgrade program for the many buildings and structures on site.

Section 3
1999/00 Capital Budget

INTRODUCTION

The 1999/00 Capital Budget is produced in the context of a three-year Capital Plan. The Capital Plan represents the ongoing efforts of the University to restore, maintain, and improve campus facilities for teaching, research, and related activities. It encompasses projects that will begin between 1999/00 and 2001/02. The Stanford campus is a unique resource that helps shape and define much of University life. Our principal goals in capital planning are to protect and extend the useful life of existing facilities; create appropriate new facilities, where necessary, to support the work of faculty, students, and staff; and integrate facilities and support systems into a coherent, effective, and attractive campus.

As Stanford's academic programs evolve, demands for new and improved facilities continually arise. Proposals for new capital projects come into the planning process in a variety of ways. Many are developed as part of on-going maintenance and enhancement programs. Other projects arise because of issues relating to new building codes or changes of use. Still other projects develop out of new programmatic initiatives of the faculty and, occasionally, the interest of donors.

Institutional Needs

Among the issues that dominate capital planning in the coming years are the need for new and improved technical facilities for scientific and medical research, the requirement by Santa Clara County to complete seismic compliance of unreinforced masonry (URM) buildings by 1999/00, and the high demand for graduate student housing. These academic and institutional needs must be met for Stanford to remain at the forefront of teaching and research, as detailed below.

New and Improved Science Research and Teaching Facilities – Stanford's academic excellence stems, in part, from the new and improved technical research and teaching facilities that are built in response to evolving faculty initiatives. The three-year Capital Plan includes several capital projects related to changing and growing programs, as well as innovations in scientific and medical research methods.

The Bio-X Project will foster the integration of leading-edge research in basic, applied, and clinical sciences, while enhancing collaboration among researchers from the schools of Humanities and Sciences, Engineering, and Medicine. Additionally, the Mechanical Engineering Department Project and the Chem/Bio Project will provide facilities for intensive research to be conducted in class H-8 level environments. Both of these projects will be financed primarily by University debt and gifts and will provide additional program space for the Mechanical Engineering, Chemistry, and Biology Departments.

As a result of changes in curriculum and educational models, several teaching facilities and laboratories in the School of Medicine have become outdated for their principal function or have reached the end of their current life. The Grant, Alway, Lane and Edwards (GALE) projects propose to renovate several laboratories, provide enhanced teaching and student library facilities, and improve administrative space in the School of Medicine.

These renovations will extend the useful lives of the oldest buildings in the Medical Center complex.

Seismic Compliance – In accordance with our agreement with Santa Clara County following the 1989 Loma Prieta earthquake, Stanford plans to retrofit or vacate all unreinforced masonry (URM) buildings by 1999/00. The Capital Plan includes several seismic renovations, including the Art Gallery, Building 360, Building 160, and the Bakewell Building.

Demand for Housing – The high cost of housing in the Bay Area has created substantial problems for the University's graduate students, post-doctoral students, medical residents, and faculty members. In the Capital Plan, the Escondido Village Housing Project will provide 508 additional graduate student housing units on which construction will begin this year. With an additional 231,776 square feet of housing units, this project utilizes a major portion of the remaining development capacity permitted by Santa Clara County.

Constraints

The Capital Plan reflects careful balancing of these needs within the constraining factors of limited entitlements, debt capacity, and affordability.

Entitlements – Limitations on new development on Stanford's campus were established by Santa Clara County in 1989 under the General Use Permit (GUP). The GUP governs the extent to which Stanford is entitled to build on campus (measured by additional gross square footage) and to add to its daily population (students, faculty, staff, visitors, etc.). The three-year Capital Plan fully allocates the remaining 474,000 permitted additional gross square feet. Negotiations with Santa Clara County and the City of Palo Alto are currently underway to allow for the construction of future facilities after the present GUP expires.

Debt Capacity – The Board of Trustees limits the University's overall annual debt level. The Debt Policy limits the debt to an amount which is the lesser of: 1) a total debt level up to 20% of the Unrestricted and Temporarily Restricted Net Assets, or 2) a total debt level on which interest payments are less than 5% of Total Revenue. Because the bond markets are in a period of historically low interest rates and because of the economies of scale of large bond offerings, management has anticipated the need for debt by issuing bonds for academic capital projects and the Sand Hill Road project. Management estimates that the first Debt Policy limit described above could be a constraint in 1999/00 and is monitoring the limit closely.

In addition to the overall debt limits, the Debt Policy imposes an internal constraint, for management purposes, on the level of internal debt service repayments on academic capital projects (exclusive of SLAC, auxiliaries and service centers) to 5.0% of unrestricted revenues (i.e., general funds revenues plus designated revenues). For 1999/00, these internal repayments for debt service on academic projects will be $21.7 million, including debt service on commercial paper. This equals 3.1% of unrestricted revenues. The proposed three-year plan includes $134.0 million of debt to pay for academic projects. At the substantial completion of the proposed three-year plan, these internal repayments of debt service will be $33.2 million, or 4.2% of unrestricted funds. The impact of this internal constraint is that the University will have approximately $77 million in remaining debt capacity for projects supported by central funds after funding the three-year Capital Plan. Over time, additional capacity will be developed as debt is paid down and unrestricted funds increase. The three-year Capital Plan is the result of management's efforts to balance the need for new facilities with available debt capacity.

Affordability – The debt service on projects financed by debt and the operations, maintenance and utility costs (O&M) on capital projects are expenditures partially paid for by the general funds of the University. Capital-related costs compete directly for this limited resource against academic program initiatives. The additional debt service costs expected for academic projects in 1999/00 are $3.2 million, and the additional continuing debt service costs expected at the completion of the three-year plan are $10.7 million. These costs are borne by the unrestricted budget. (Total debt service, including auxiliaries and service centers, will increase $5.9 million in 1999/00.) The additional O&M costs expected for 1999/00 are $2.7 million, and the additional continuing O&M costs expected for the three-year plan are $13.2 million. An assessment of the financial impact of all capital projects is performed to ensure affordability in relation to the available general funds of the University.

CAPITAL PROGRAM FINANCING

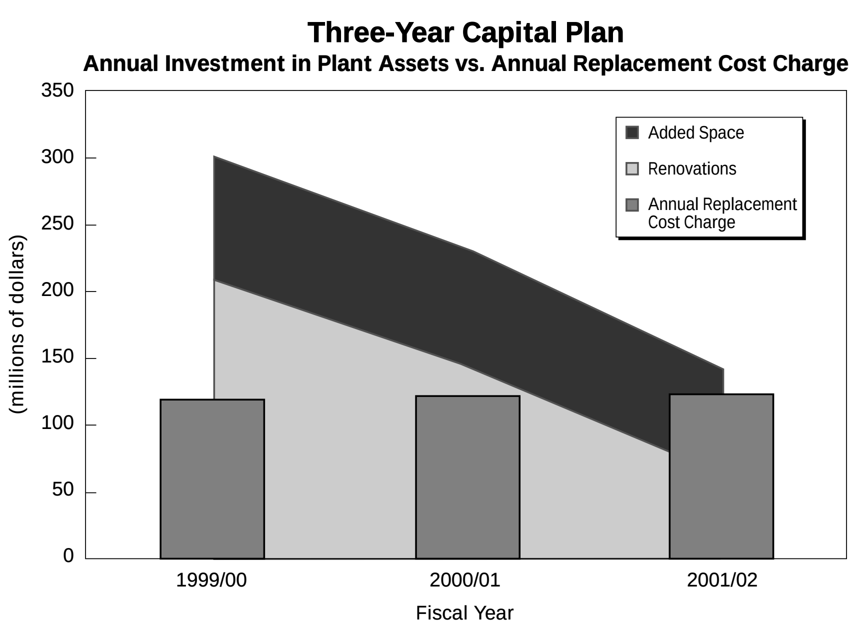
The 1999/00 Capital Budget totals $300.6 million. The tables on pages 38-40 detail all capital projects and infrastructure programs along with their total project costs, project schedule, and projected 1999/00 expenditures.

The first table, "1999/00 Capital Budget Projected Expenditures and Sources of Funds," details the sources of funds for the 1999/00 expenditures for these projects and programs and the amount of University debt financing ($42.0 million) needed to fund the balance. Construction financing is used to cover the debt portion until the project is complete. At completion, the project is financed with long-term debt.

The tables on pages 41-42 refer to the Three-year Capital Plan. They show those capital projects anticipated over the next several years along with anticipated funding sources. The tables also include the budget impact of this long-range plan on both University debt service and O&M costs. The projects are divided into three major categories: Projects in Design & Construction ($341.3 million), capital projects related to the University's Infrastructure Programs ($104.9 million), and Planned Construction Projects ($393.8 million), for a total three-year Capital Plan of $840 million.

Total Investment in Plant (refer to graph below)

We are often asked how much we are investing in the plant relative to how much would be required on a replacement cost basis. Depreciation charges in our financial statements are based on the historical cost of the asset and use the average life of a broad class of assets. We have developed a proxy for the annual replacement charge based on a combination of market values for each asset, and depreciation schedules which reflect the useful life of each type of facility.



1999/00 Capital Budget Projected Expenditures and Sources of Funds
(in millions)

Expenditures	Project Schedule	Estimated Project Cost	Projected 1999/00 Expenditures
Projects in Design and Construction			
Aquatics Complex - Phase I	1999-00	$12.5	$10.0
Art Gallery Seismic Renovation	1999-01	7.5	5.0
Building 360 Seismic & West Gate Renovation	1998-00	4.0	4.0
Center for Clinical Science Research (CCSR)	1996-00	108.7	40.7
CIP Program Year 7 under $3 million	1999	1.7	1.7
Encina Central/IIS Consolidation	1999-00	6.0	0.3
Escondido Village Graduate Housing - Phase I	1999-00	67.5	40.0
Escondido Village Renovations - CIP Program Year 7	1999	5.7	5.0
Graduate School of Business - Main (Bldg. 350)	1999-00	16.5	0.1
Lake Houses Renovations - CIP Program Year 7	1999	10.5	1.0
McCullough Annex	1996-00	27.0	4.0
Mechanical Engineering Dept. Laboratory	1999-03	33.5	4.0
Mudd Chemistry Interim Upgrade	1999	2.2	
Athletics Boathouse	1999-00	5.0	3.0
Stanford Alumni Center/Office of Development	1998-01	33.0	20.0
Subtotal-Projects in Design and Construction		341.3	138.8
Infrastructure Programs	2000-02	104.9	39.7
(See Table on page 39)			
Planned Construction Projects	1998-03	393.8	122.1
(See Table on page 40)			
Total Capital Budget		**$ 840.0**	**$ 300.6**

Sources of Funds	
Current Funds and Reserves	$ 130.0
Gifts	56.0
Debt	
Auxiliaries/Service Centers	72.6
University	42.0
Total Sources of Funds	**$ 300.6**

In 1999/00, the estimated annual replacement cost is $119 million compared to an annual investment in facilities of $300 million. This investment in plant includes the work funded through the Capital Budget, as well as the ongoing and planned maintenance costs in the Consolidated Budget for Operations.

1999/00 Capital Budget Projected Expenditures - Infrastructure Program Detail
(in millions)

Infrastructure Programs	Project Schedule	Estimated Project Cost	Projected 1999/00 Expenditures
Capital Utilities Program (CUP)			
Wear-Out	2000-02	$ 11.2	$ 2.9
Controls	2000-02	2.9	1.3
System Expansion	2000-02	12.6	8.3
Regulatory	2000-02	1.7	0.7
Subtotal-CUP		28.4	13.2
Systems			
Applications	2000-02	15.0	8.1
Infrastructure	2000-02	4.5	1.5
Communications Facilities	2000-02	10.9	3.5
Subtotal-Systems		30.4	13.1
Compliance and Other			
ADA Upgrades	2000-02	6.0	2.0
Emergency Generators	1999-02	2.8	0.7
Stores Renovation	2000	2.2	2.2
Storm Drains	1999-00	1.5	0.5
Subtotal-Compliance and Other		12.5	5.4
Stanford Infrastructure Program (SIP)			
Campus Landscaping and Planning Projects			
Circulation Projects	2000-02	8.0	3.9
Landscape Projects	2000-02	5.2	2.1
Outdoor Lighting Systems	2000-02	0.2	0.2
Outdoor Art Program	2000-02	0.1	0.1
Subtotal-Campus Landscaping and Planning Projects		13.5	6.3
Parking and Transportation Services			
Parking System	2000-02	18.1	1.7
Transit Related	2000-02	2.0	0.0
Subtotal-Parking and Transportation Services		20.1	1.7
Subtotal-SIP		33.6	8.0
Total Infrastructure Programs		**$ 104.9**	**$ 39.7**

1999/00 Capital Budget Projected Expenditures - Planned Construction Projects Detail
(in millions)

Expenditures	Project Schedule	Estimated Project Cost	Projected 1999/00 Expenditures
Planned Construction Projects[1]			
Aquatics Complex - Phase II	2000-01	$ 3.3	
Bakewell Seismic Renovation and CPPC Demolition	2001-03	5.0	
Bio-X - Phase I	1999-02	110.0	0.3
Branner Seismic Renovation - CIP Program Year 9	2001	8.0	
Bridge Demolition	2001	1.0	
Building 160 Seismic Upgrade & TI’s (Learning Lab)	1999-03	25.0	5.0
CCSR Core Labs Buildout	2000	3.0	2.8
Chem/Bio - Phase I	1999-01	30.0	5.0
CIP Program Year 8 under $3 million	2000	2.1	
CIP Program Year 9 under $3 million	2001	1.7	
Cowell Health Center Seismic Renovation	2000-02	7.0	1.0
Encina Gymnasium Renovation	2000-02	12.0	3.0
Encina West - Poli Sci Renovations	1999-00	5.0	5.0
Escondido Village Renovations - CIP Program Year 8	2000	6.0	
Escondido Village Renovations - CIP Program Year 9	2001	6.0	
Grant/Alway/Lane/Edwards Renovations	2001-03	135.0	79.0
High Wire Press Relocation (off-site)	2000-02	9.0	4.0
HRP Anatomy Wings Demolition	2001	2.0	
Jasper Ridge	2000-01	5.0	1.0
Knoll Seismic Renovation	2000-02	8.0	1.5
Lab Renovations	2000-01	5.0	5.0
Library Collections Storage	1999-00	9.3	7.0
Old Chem Building Demolition	2000	3.0	0.5
Stern Kitchen Consolidation - CIP Program Year 9	2001	4.0	
Tower House Renovation and Bing Nursery School	2000-02	2.0	2.0
Toyon/Branner Dining Halls Upgrade-CIP Program Year 9	2001	2.5	
Toyon Eating Clubs Demolition	2001	1.0	
Toyon Eating Clubs Replacement - CIP Program Year 9	2001	2.5	
Toyon Seismic Renovation - CIP Program Year 8	2000	9.0	4.0
Wilbur Kitchen Consolidation - CIP Program Year 8	2000	4.0	4.0
Wilbur Modulars Removal	2001	1.0	
Less: Stanford Infrastructure Surcharge[2]		(33.6)	(8.0)
Total Planned Construction Projects		**$ 393.8**	**$ 122.1**

1 These projects are in various stages of planning. Scope, schedule, and estimates may be revised. These projects are all subject to funding approval.

2 Represents 9% surcharge on capital projects. See Infrastructure Programs for project expenditures.

Three-Year Capital Plan Detail, 1999/00 - 2001/02
(dollars in millions)

Construction Plan	Project Schedule	Estimated Project Cost	Project Funding Source: Current Funds[1]	Gifts[2]	Serv Ctr/Aux Debt	University Debt	Annual Continuing Costs: University Operations & Debt Service	Maintenance
Projects in Design and Construction								
Aquatics Complex - Phase I	1999-00	12.5	3.5	9.0				0.5
Art Gallery Seismic Renovation	1999-01	7.5	1.5			6.0	0.5	
Building 360 Seismic & West Gate Renovation	1998-00	4.0				4.0	0.4	
Center for Clinical Science Research (CCSR)	1996-00	108.7	22.6	76.1		10.0	0.8	3.4
CIP Program Year 7 under $3 million	1999	1.7			1.7			
Encina Central/IIS Consolidation	1999-00	6.0	5.0	1.0				
Escondido Village Graduate Housing - Phase I	1999-00	67.5			67.5			0.3
Escondido Village Renovations - CIP Program Year 7	1999	5.7			5.7			
Graduate School of Business - Main (Bldg. 350)	1999-00	16.5	16.5					
Lake Houses Renovations - CIP Program Year 7	1999	10.5			10.5			
McCullough Annex	1996-00	27.0		20.8		6.2		1.2
Mechanical Engineering Dept. Laboratory	1999-03	33.5	0.5	15.0		18.0	1.4	0.6
Mudd Chemistry Interim Upgrade	1999	2.2				2.2	0.2	
Athletics Boathouse	1999-00	5.0			5.0			0.2
Stanford Alumni Center/Office of Development	1998-01	33.0	3.0	30.0				0.9
Subtotal		341.3	52.6	151.9	90.4	46.4	3.3	7.1
Planned Construction Projects								
Aquatics Complex - Phase II	2000-01	3.3	1.5	1.8				
Bakewell Seismic Renovation and CPPC Demolition	2001-03	5.0				5.0	0.4	
Bio-X - Phase I	1999-02	110.0		110.0				3.6
Branner Seismic Renovation - CIP Program Year 9	2001	8.0			8.0			
Bridge Demolition	2001	1.0	1.0					
Building 160 Seismic Upgrade & TI's (Learning Lab)	1999-03	25.0		15.0		10.0	0.9	
CCSR Core Labs Buildout	2000	3.0	3.0					0.1
Chem/Bio - Phase I	1999-01	30.0		10.0		20.0	1.5	1.4
CIP Program Year 8 under $3 million	2000	2.1			2.1			
CIP Program Year 9 under $3 million	2001	1.7			1.7			
Cowell Health Center Seismic Renovation	2000-02	7.0	4.0		3.0			
Encina Gymnasium Renovation	2000-02	12.0		12.0				
Encina West - Poli Sci Renovations	1999-00	5.0	5.0					
Escondido Village Renovations - CIP Program Year 8	2000	6.0			6.0			
Escondido Village Renovations - CIP Program Year 9	2001	6.0			6.0			
Grant/Alway/Lane/Edwards Renovations	2001-03	135.0	95.0			40.0	3.6	0.3
High Wire Press Relocation (off-site)	2000-02	9.0	9.0					
HRP Anatomy Wings Demolition	2001	2.0	2.0					
Jasper Ridge	2000-01	5.0		5.0				0.1
Knoll Seismic Renovation	2000-02	8.0		8.0				
Lab Renovations	2000-01	5.0	5.0					
Library Collections Storage	1999-00	9.3	9.3					0.2
Old Chem Building Demolition	2000	3.0	3.0					
Stern Kitchen Consolidation - CIP Program Year 9	2001	4.0			4.0			
Tower House Renovation and Bing Nursery School	2000-02	2.0		2.0				
Toyon/Branner Dining Halls Upgrade-CIP Program Yr 9	2001	2.5			2.5			
Toyon Eating Clubs Demolition	2001	1.0	1.0					
Toyon Eating Clubs Replacement-CIP Program Yr 9	2001	2.5			2.5			
Toyon Seismic Renovation - CIP Program Year 8	2000	9.0			9.0			
Wilbur Kitchen Consolidation - CIP Program Year 8	2000	4.0			4.0			
Wilbur Modulars Removal	2001	1.0	1.0					
Less: Stanford Infrastructure Surcharge[3]		(33.6)	(33.6)					
Subtotal		393.8	106.2	163.8	48.8	75.0	6.4	5.7
Total Construction Plan		735.1	158.8	315.7	139.2	121.4	9.7	12.8
Infrastructure Programs (See Table on page 42)	2000-02	104.9	55.3	6.0	31.0	12.6	1.0	0.4
Total Three-Year Capital Plan		**840.0**	**214.1**	**321.7**	**170.2**	**134.0**	**10.7**	**13.2**

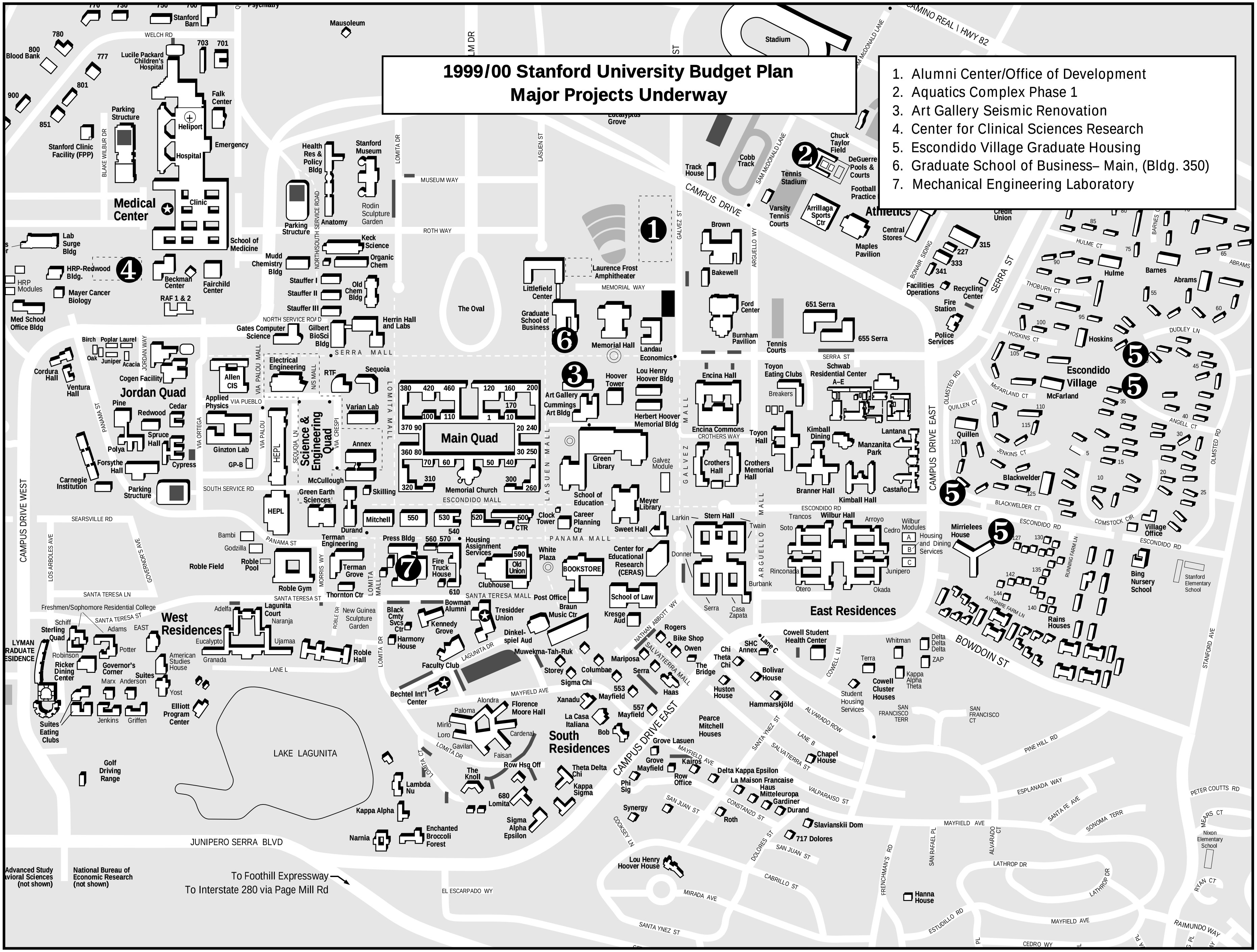
1 Includes funds from University and school reserves, and the Stanford Infrastructure Program.
2 Includes gifts that have been identified, pledged and those gifts to be raised.
3 Represents 9% surcharge on capital projects. See Infrastructure Programs for project expenditures.

Three-Year Capital Plan Detail for Infrastructure Programs, 1999/00 – 2001/02
(in millions)

		Estimated	Funding Source				Budget Impac	
Infrastructure Programs	Project Schedule	Project Cost	Current Funds	Gifts	Serv Ctr/ Auxiliary	University Debt	University Debt Service	Operations & Maintenance
Capital Utilities Program (CUP)								
Wear-Out	2000-02	$11.2			$11.2			
Controls	2000-02	2.9			2.9			
System Expansion	2000-02	12.6			12.6			
Regulatory	2000-02	1.7			1.7			
Subtotal-CUP		28.4			28.4			
Systems								
Applications	2000-02	15.0	$15.0					
Infrastructure	2000-02	4.5	4.5					
Communications Facilities	2000-02	10.9		$6.0	2.6	$2.3	$0.2	
Subtotal-Systems		30.4	19.5	6.0	2.6	2.3	0.2	
Compliance and Other								
ADA Upgrades	2000-02	6.0				6.0	0.5	
Emergency Generators	1999-02	2.8				2.8	0.2	
Stores Renovation	2000	2.2	2.2					
Storm Drains	1999-00	1.5				1.5	0.1	
Subtotal-Compliance and Other		12.5	2.2			10.3	0.8	
Stanford Infrastructure Program (SIP)								
Campus Landscaping and Planning Projects								
Circulation Projects	2000-02	8.0	8.0					$0.1
Landscape Projects	2000-02	5.2	5.2					0.2
Outdoor Lighting Systems	2000-02	0.2	0.2					
Outdoor Art Program	2000-02	0.1	0.1					
Subtotal-Campus Landscaping		13.5	13.5					0.3
Parking and Transportation Services								
Parking System	2000-02	18.1	18.1					0.1
Transit Related	2000-02	2.0	2.0					
Subtotal-Parking and Transportation Services		20.1	20.1					0.1
Subtotal-SIP		33.6	33.6					0.4
Total Infrastructure Programs		**$104.9**	**$55.3**	**$6.0**	**$31.0**	**$12.6**	**$1.0**	**$0.4**

1999/00 Stanford University Budget Plan
Major Projects Underway

1. Alumni Center/Office of Development
2. Aquatics Complex Phase 1
3. Art Gallery Seismic Renovation
4. Center for Clinical Sciences Research
5. Escondido Village Graduate Housing
6. Graduate School of Business– Main, (Bldg. 350)
7. Mechanical Engineering Laboratory



PROJECTS IN DESIGN AND CONSTRUCTION

A number of significant capital projects, currently in the design or construction phases, are described below. Projects are reported at various stages of completion. The scope and final cost of a project are not fully defined until the Santa Clara County agencies have approved all plans and a general contractor has submitted a *guaranteed maximum price* for the project. Projects reported to the Board of Trustees for construction approval have the necessary controls in place to report a dependable price or budget. Projects in all other phases of delivery are reported with the best information available at the time and are subject to change. Please refer to the map on the previous page for site locations.

Aquatics Complex – Phase I

This project will provide for a new 50-meter training pool with moveable bulkhead, a new diving pool with two one-meter diving boards, two three-meter diving boards, and a diving tower with platforms at the one, three, five, seven and one-half, and 10 meter levels. The new diving tower design provides for widened platforms to allow for future competition use by synchronized divers. Phase I of this project, totaling $12.5 million, has been made possible by gifts to the Department of Athletics and is scheduled to be completed in December of 2000. The second phase of the Aquatics Complex is scheduled for completion in 2001 and will include the replacement of the existing short-course competition pool, decking, and filter and chemical control systems.

Art Gallery Seismic Renovation

The Art Gallery was constructed in 1916 and has always housed the Art Department, including studios and classrooms, photography labs, and gallery space. It is a one-story unreinforced masonry (URM) building with a partial basement, totaling approximately 13,000 gross square feet. The County of Santa Clara requires that the Art Gallery be upgraded seismically or vacated by the year 2000. In addition to the seismic upgrade, the gallery space will be renovated, the HVAC system will be upgraded to meet the ventilation needs of the photography labs, and ADA (Americans with Disabilities Act) access to the Gallery will be constructed. The historical arcades will be restored. This project, currently estimated at $7.5 million, will be largely financed by University debt.

Center for Clinical Sciences Research (CCSR)

The Center for Clinical Sciences Research will provide critically needed academic space for the School of Medicine's teaching and research programs in Cancer, Immunology, Human Gene Therapy, and Human Anatomy. In this facility, the faculty will be uniquely positioned to function at the boundaries between basic scientific research and clinical research, and to provide fundamental new insights into the nature of disease and develop new techniques of treatment. Construction began in the summer of 1997 and will be completed in Spring 2000. We are currently in negotiations with a new general contractor which may have financial implications on the forecasted project costs.

Escondido Village Graduate Housing – Phase I

The availability of affordable housing on campus is essential to the University's ability to recruit graduate students and researchers.
In response to the immediate demand for on-campus housing, the Provost made the provision of additional graduate student housing a high priority this year. The Escondido Village Graduate Housing project will add 508 housing units within the existing Escondido Village. This additional 231,776 square feet is currently estimated at a project cost of $67.5 million and will be completed in 2000. In the future, Phase II will add another 508 units of in-fill graduate student housing to Escondido Village.

Graduate School of Business – Main (Building 350)

This project involves the renovation of the existing Graduate School of Business main structure, including the expansion of the computer lab, addition of an internal service elevator and hall, and upgrade of the Arbuckle Cafeteria Lounge. Additionally, plans include improvements to the student and faculty services offices, expansion of the entry lobby, renovation of the student lounge, and provision of acoustical attenuation of the primary corridors and Bishop Auditorium lobby. The first floor will be updated to accommodate relocated News & Publications, Human Resources, and accounting departments. The second floor requires minor remodeling and general low-level renovations at selected locations. The renovated areas will also be brought up to current ADA and building code standards where required. Construction work will be completed during the summer of 1999.

Mechanical Engineering Department Laboratory

The proposed new Mechanical Engineering Department Laboratory is intended primarily to house research programs that will position the department for leadership in critical emerging fields of mechanical engineering. The research areas that have been targeted are Advanced Manufacturing and Design, Bio-Mechanical Engineering, Combustion Science and Engineering, Microscale Engineering, Project-Based Instruction and Undergraduate Research and Collaborative Research. The two-story building will be built on a portion of the existing Press Building site, totaling 48,000 gross square feet and will be completed by 2002. The new building resolves the existing code compliance problems in Building 570 by providing H2/H7 space for research, which requires large inventories of toxic and/or flammable gases, and completes seismic and mechanical code upgrades. Building 500 shop and engine lab and Building 510 back lab will be vacated by Mechanical Engineering and returned to the Provost. The seismic strengthening of Building 570 has been staged to allow continued occupancy of the space. This entire project is expected to be completed in 2003.

Stanford Alumni Center/Office of Development

The new Alumni Center will provide contiguous offices for the Alumni Association and the Office of Development (OOD), enhancing collaboration between the organizations and providing major public space for alumni. The Alumni/OOD Building complex is composed of three connected building elements of three stories each, with hospitality, administrative, and office space. The main building will serve as the welcoming entrance for University alumni. Inside, alumni will find hospitality areas, including a great hall (which can accommodate 400-450 people for reunion dinners, donor events, wedding receptions, etc.), a reading room, history room, cafe, and a business/conference center. This project has been made possible by gifts raised by the Office of Development. The building is scheduled for completion in the fall of 2000.

Capital Improvement Plan in Housing and Dining Services

In 1999/00, year eight of the 15-year Capital Improvements Plan (CIP), Toyon Hall will undergo seismic retrofit, and Wilbur Dining Hall will be remodeled. Additionally, as in previous CIP years, 170 Escondido Village apartments are planned for seismic retrofits and renovation. These projects are anticipated to total $19.2 million.

The CIP renovation program is intended to reduce the differences in quality between older residences and those built in the past eight to ten years. This is accomplished by replacing finishes and furnishings, attending to critical code compliance and deferred maintenance issues, providing aesthetic and landscape improvements where possible, and providing functional improvements such as in-room access to SUNet and dining services upgrades as applicable.

Infrastructure Programs

Stanford's on-going effort to renew its infrastructure is managed through the programs described below.

Capital Utility Program

The Capital Utility Program (CUP) contains projects that will improve and enhance electrical, chilled water, steam, water, and sewage systems. Projects meet one of four criteria: system wear-out, regulatory issues and code compliance, system expansion, and system controls. The budget for the CUP program in 1999/00 is $13.2 million. The largest portion of this, approximately $8.3 million, will be used for system expansion to accommodate growth in the campus and increased demand for utilities.

Systems

As new buildings and major renovations come online, new utilities are needed to service those buildings. In addition to traditional utilities such as electricity and chilled water, an increasingly important utility is the Infrastructure and Communications Facilities, which supply voice, data, and video communications to the buildings. This portion of the 1999/00 Capital Budget includes $3.5 million to cover the costs for conduit, inter-building and intra-building cabling for all communications.

The budget for systems infrastructure programs also includes $9.6 million for information systems applications and infrastructure development.

Stanford Infrastructure Programs

The Stanford Infrastructure Program (SIP) consists of projects and programs proposed and developed for the improvement and general support of the University's academic community and physical plant. The campus infrastructure is in direct support of the academic missions of teaching and research and the overall vitality of the institution. SIP is supported by a 9% charge on most building projects, and is subdivided into 5% for the SIP-Campus Program and 4% for SIP-Transportation programs.

The SIP-Campus Program proposes to spend up to $6.3 million in 1999/00, which will be spent on improvements to roads, paths, storm drains, outdoor art, outdoor landscaping and signs, as well as advance planning efforts that support each of these.

The SIP-Parking and Transportation Program proposes to spend up to $1.7 million in 1999/00 for the implementation of a revised transportation plan which provides for the construction of additional parking, including planning for at least one parking structure, campus transit improvements, parking lot infrastructure improvements, and enhancements to support bicycle use.

Appendix A
Consolidated Budgets for Schools, Academic Support Areas, and Auxiliaries

Schedules are shown for:

Academic Units

- School of Earth Sciences
- School of Education
- School of Engineering
- School of Humanities & Sciences
- School of Law
- Vice Provost for Undergraduate Education
- Vice Provost and Dean of Research and Graduate Policy
- Graduate School of Business
- School of Medicine
- Hoover Institution

Academic Support Units

- Stanford University Libraries and Academic Information Resources
- Vice Provost for Student Affairs
- Learning Technology and Extended Education

Auxiliary Enterprises

- Alumni Association
- Athletics
- Housing and Dining Services
- Stanford University Press

School of Earth Sciences
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	2,374					2,374
Restricted Revenues		3,332	757	10,622	7,749	22,460
Transfers within Current Funds	6,649		300	(6,519)		430
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	9,023	3,332	1,057	4,103	7,749	25,264
Expenditures						
Academic Salaries	4,109	1,414	119	51	2,285	7,978
Staff Salaries	1,603	685	83	77	748	3,196
Total Benefits	1,256	366	33	33	412	2,100
Total Non-Salary Expenditures	2,055	1,254	794	2,994	4,304	11,401
Total Expenditures	9,023	3,719	1,029	3,155	7,749	24,675
Excess of Revenue over Expenditures		(387)	28	948		589
Beginning Operating Equity		4,128	2,607	7,385		14,120
Ending Operating Equity		3,741	2,635	8,333		14,709

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the University, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

School of Education
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restrict Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	8,860					8,860
Restricted Revenues		200	1,075	2,475	11,822	15,572
Transfers within Current Funds	2,225	470	(90)	(2,330)		275
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	11,085	670	985	145	11,822	24,707
Expenditures						
Academic Salaries	5,137	65	300		2,349	7,851
Staff Salaries	1,713	64	47		2,371	4,195
Total Benefits	1,528	33	88		875	2,525
Total Non-Salary Expenditures	2,707	107	304	89	6,227	9,434
Total Expenditures	11,085	270	739	89	11,822	24,006
Excess of Revenue over Expenditures		400	246	56		702
Beginning Operating Equity		3,793	3,666	398		7,857
Ending Operating Equity		4,193	3,912	454		8,559

Notes:

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School of Engineering
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	35,845					35,845
Restricted Revenues		22,689	20,000	15,330	86,917	144,936
Transfers within Current Funds	12,182	(1,517)	650	(6,815)		4,500
Transfers (to)/from Endowment Principal		(125)	(250)			(375)
Transfers (to)/from Plant/Student Loan		(2,000)	(1,000)	(140)		(3,140)
Total Revenues and Transfers	48,027	19,047	19,400	8,375	86,917	181,766
Expenditures						
Academic Salaries	23,649	2,201	3,477	423	21,019	50,769
Staff Salaries	8,598	5,000	1,186	192	8,907	23,883
Total Benefits	6,785	1,400	530	93	5,571	14,379
Total Non-Salary Expenditures	8,995	6,624	10,577	3,453	51,420	81,069
Total Expenditures	48,027	15,225	15,770	4,161	86,917	170,100
Excess of Revenue over Expenditures		3,822	3,630	4,214		11,666
Beginning Operating Equity		58,764	40,212	16,102		115,078
Ending Operating Equity		62,586	43,842	20,316		126,744

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
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School of Humanities & Sciences (Includes Overseas Studies Program)
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary Income/Exp	Total
Revenues and Transfers							
General Funds Allocation	85,689						85,689
Restricted Revenues		3,045	9,498	44,761	50,335	3,481	111,120
Transfers within Current Funds	39,863	4,925	(805)	(29,589)			14,394
Transfers (to)/from Endowment Principal				(3,000)			(3,000)
Transfers (to)/from Plant/Student Loan	(500)						(500)
Total Revenues and Transfers	125,052	7,970	8,693	12,172	50,335	3,481	207,703
Expenditures							
Academic Salaries	58,912	1,739	1,279	1,545	10,646	2	74,122
Staff Salaries	14,310	211	943	657	6,897	1,235	24,254
Total Benefits	15,867	428	335	394	2,401	296	19,721
Total Non-Salary Expenditures	35,963	4,301	5,298	5,300	30,391	1,948	83,201
Total Expenditures	125,052	6,679	7,855	7,896	50,335	3,481	201,298
Excess of Revenue over Expenditures		1,291	838	4,276			6,405
Beginning Operating Equity		15,886	33,555	35,683			85,124
Ending Operating Equity		17,177	34,393	39,959			91,529

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the University, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

School of Law
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	10,850					10,850
Restricted Revenues		1,250	6,300	13,200	750	21,500
Transfers within Current Funds	16,615	(400)	(3,950)	(11,800)		465
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan				(600)		(600)
Total Revenues and Transfers	27,465	850	2,350	800	750	32,215
Expenditures						
Academic Salaries	8,400	65	900	325	400	10,090
Staff Salaries	5,750	150	500	125	100	6,625
Total Benefits	3,460	53	342	110	122	4,087
Total Non-Salary Expenditures	8,743	575	500	125	128	10,071
Library Acquisitions	1,112					1,112
Total Expenditures	27,465	843	2,242	685	750	31,985
Excess of Revenue over Expenditures		7	108	115		230
Beginning Operating Equity		400	8,000	2,500		10,900
Ending Operating Equity		407	8,108	2,615		11,130

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the University, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

Vice Provost for Undergraduate Education
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	10,224					10,224
Restricted Revenues		15	3,803	1,675	35	5,528
Transfers within Current Funds	6,920	(321)	(3,831)	(3,753)		(985)
Transfers (to)/from Endowment Principal				1,970		1,970
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	17,144	(306)	(28)	(108)	35	16,737
Expenditures						
Academic Salaries	6,863					6,863
Staff Salaries	3,302	5	10	20	28	3,365
Total Benefits	1,776		3	6	7	1,792
Total Non-Salary Expenditures	5,203	15	25	5		5,248
Total Expenditures	17,144	20	38	31	35	17,268
Excess of Revenue over Expenditures		(326)	(66)	(139)		(531)
Beginning Operating Equity		675	683	525		1,883
Ending Operating Equity		349	617	386		1,352

Notes:

- Operating equity represents reserves available for future uses, along with projects and fund balances restricted for special purposes. Operating equity may include funds that are specifically invested and therefore not available for expenditure in the current period.
- This budget does not reflect an allocation of tuition revenue or of central administrative costs. This is consistent with Stanford's policy for those units not operating under a formula arrangement.
- Current funds are resources that are expendable for the primary instruction and research mission of the University, within accounting and donor restrictions, if any. Endowment principal, student loan funds, and plant funds are not considered current funds, as they are held for other specific purposes.

Vice Provost and Dean of Research and Graduate Policy
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	14,477					14,477
Restricted Revenues	911	7,599	5,204	18,295	73,039	105,048
Transfers within Current Funds	6,785	(3,478)	(958)	(12,143)		(9,794)
Transfers (to)/from Endowment						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	22,173	4,121	4,246	6,152	73,039	109,731
Expenditures						
Academic Salaries	2,467	623	612	1,435	5,409	10,546
Staff Salaries	10,922	955	910	752	10,215	23,754
Total Benefits	3,328	319	370	377	2,832	7,226
Total Non-Salary Expenditures	5,456	3,072	3,036	1,419	54,583	67,566
Total Expenditures	22,173	4,969	4,928	3,983	73,039	109,092
Excess of Revenue over Expenditures		(848)	(682)	2,169		639
Beginning Operating Equity		17,873	10,332	9,486		37,691
Ending Operating Equity		17,075	9,650	11,655		38,330

Notes:

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Graduate School of Business (with Schwab)
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary Schwab	Total
Revenues and Transfers							
General Funds Allocation	26,405						26,405
Restricted Revenues		15,279	13,905	18,550	50	5,900	53,684
Transfers within Current Funds	42,317	(5,267)	(18,500)	(18,550)			
Transfers (to)/from Endowment						(299)	(299)
Transfers (to)/from Plant/Student Loan		(1,500)					(1,500)
Total Revenues and Transfers	68,722	8,512	(4,595)		50	5,601	78,290
Expenditures							
Academic Salaries	19,934	1,978			75		21,987
Staff Salaries	13,311	685				295	14,291
Total Benefits	8,275	694			20	75	9,064
Total Non-Salary Expenditures	26,792	6,906			55	3,831	37,584
Debt Service	410					1,400	1,810
Total Expenditures	68,722	10,263			150	5,601	84,736
Excess of Revenue over Expenditures		(1,751)	(4,595)		(100)		(6,446)
Beginning Operating Equity		6,661	20,236	2,272	150		29,319
Ending Operating Equity		4,910	15,641	2,272	50		22,873

Notes:

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School of Medicine
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Auxiliary Activities	Total
Revenues and Transfers							
General Funds Allocation	71,908						71,908
Restricted Revenues		77,157	25,153	53,581	254,795	12,844	423,530
Transfers within Current Funds	31,081	(9,633)	(11,960)	(9,489)		97,919	97,919
Transfers (to)/from Endowment Principal		(3,500)	(50)	29,484			25,934
Transfers (to)/from Plant/Student Loan		(12,824)	(1,000)	(29,529)			(43,353)
Total Revenues and Transfers	102,989	51,200	12,143	44,047	254,795	110,763	575,938
Expenditures							
Academic Salaries	9,035	25,196	2,982	5,541	33,935	63,746	140,435
Staff Salaries	25,196	10,194	5,535	1,463	56,379	19,855	118,622
Total Benefits	8,174	6,809	1,865	1,760	19,569	20,487	58,664
Total Non-Salary Expenditures	28,858	26,108	16,417	9,138	143,463	5,978	229,962
Library Acquisitions	1,841		19	849			2,709
Utilities	10,122					72	10,194
O&M	17,193	423	185	54	1,449	407	19,711
Debt Service	2,570			6		218	2,794
Total Expenditures	102,989	68,730	27,003	18,811	254,795	110,763	583,091
Excess of Revenue over Expenditures		(17,350)	(14,860)	25,236			(7,153)
Beginning Operating Equity		97,481	79,192	84,894			261,567
Ending Operating Equity		79,951	64,332	110,130			254,414

Notes:
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Hoover Institution
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	4,191					4,191
Restricted Revenues		500	10,000	13,600	120	24,220
Transfers within Current Funds	23,750	(150)	(10,000)	(13,600)		
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	27,941	350			120	28,411
Expenditures						
Academic Salaries	5,136					5,136
Staff Salaries	7,948				20	7,968
Total Benefits	3,271					3,271
Total Non-Salary Expenditures	8,892	350			100	9,342
Library Acquisitions	1,903					1,903
Total Expenditures	27,150	350			120	27,620
Excess of Revenue over Expenditures	791					791
Beginning Operating Equity	18,545					18,545
Ending Operating Equity	19,336					19,336

Notes:

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Stanford University Libraries and Academic Information Resources (SUL / AIR)
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	30,851					30,851
Restricted Revenues		12,533	1,235	6,895		20,663
Transfers within Current Funds	14,818	(12,333)	(492)	(1,993)		
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	45,669	200	743	4,902		51,514
Expenditures						
Academic Salaries						
Staff Salaries	23,705					23,705
Total Benefits	5,963					5,963
Total Non-Salary Expenditures	7,403	200	743	934		9,280
Library Acquisitions	8,598			3,968		12,566
Total Expenditures	45,669	200	743	4,902		51,514
Excess of Revenue over Expenditures						
Beginning Operating Equity		200	2,100	1,200		3,500
Ending Operating Equity		200	2,100	1,200		3,500

Notes:

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Vice Provost for Student Affairs
2000/01 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	33,209					33,209
Restricted Revenues		4,142	499	1,381	606	6,628
Transfers within Current Funds	2,427	(1,562)		(593)		272
Transfers (to)/from Endowment Principal						
Transfers (to)/from Plant/Student Loan		(4,300)				(4,300)
Total Revenues and Transfers	35,636	(1,720)	499	788	606	35,809
Expenditures						
Academic Salaries						
Staff Salaries	10,578	355	139	120	301	11,493
Total Benefits	2,570	78	28	27	71	2,774
Total Non-Salary/Non-Aid Expenditures	9,299	1,116	309	365	234	11,323
Total Undergraduate Aid	12,958					12,958
Total Graduate Aid	231					231
Total Expenditures	35,636	1,549	476	512	606	38,779
Excess of Revenue over Expenditures		(3,269)	23	276		(2,970)
Beginning Operating Equity		7,863	1,004	1,434		10,301
Ending Operating Equity		4,594	1,027	1,710		7,331

Notes:

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Learning Technology and Extended Education (includes Learning Lab)
2000/2001 Consolidated Forecast
(in thousands of dollars)

	Operating Budget	Designated Funds	Restricted Expendable	Restricted Endowment	Grants & Contracts	Total
Revenues and Transfers						
General Funds Allocation	10,585					10,585
Restricted Revenues		5,065			1,500	6,565
Transfers between units	(1,200)	2,533				1,333
Transfers (to)/from Designated	(1,096)	1,096				
Transfers (to)/from Endowment						
Transfers (to)/from Plant/Student Loan						
Total Revenues and Transfers	8,289	8,694			1,500	18,483
Expenditures						
Academic Salaries	2,961					2,961
Staff Salaries	1,494	4,767				6,261
Total Benefits	484	1,207				1,689
Total Non-Salary Expenditures	3,352	3,583			1,500	8,435
Total Expenditures	8,289	9,557			1,500	19,346
Excess of Revenue over Expenditures		(863)				(863)
Beginning Operating Equity		5,700				
Ending Operating Equity		4,837				

Notes:

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Auxiliary Enterprises
2000/01 Consolidated Forecast
(in thousands of dollars)

Alumni Association

Income	
Program Revenue	19,732
Advertising	600
Annual Membership	147
Life Membership	953
General Fund Allocation	2,279
Presidential Funds	1,251
Investment Income	1,451
Interdepartmental Charges	398
Donations	1,893
Royalties	946
Liquidation of Membership Fund Investments	606
Total Income	30,256
Expenses	
Salaries and Benefits	7,288
Part-Time/Student/Temporary Help	115
Participant and Staff Expenses	18,786
Outside Services	542
Materials and Supplies	2,973
Other Non-Salary Expenses	802
Total Expenses	30,506
Operating Gain/Loss	(250)

Athletics

Operating	
Income	
Intercollegiate	13,344
Unrestricted Funds	6,167
Golf Course	5,006
General Funds	4,008
Restricted Funds	4,140
Faculty-Staff Recreation	950
Transfers	(636)
Total Income	32,979
Expenses	
Compensation	14,478
Sport Programs	7,261
Facilities & Events	3,815
Student Services	1,121
Administration	5,092
University Overhead	1,212
Other Non-Salary	0
Total Expenses	32,979
Operating Gain/(Loss)	0
Financial Aid	
Restricted Income	10,773
Expenses	10,773
Gain/(Loss)	0
Consolidated	
Total Income	43,752
Total Expenses	43,752
Gain/(Loss)	0

Auxiliary Enterprises
2000/01 Consolidated Forecast
(in thousands of dollars)

Housing and Dining Services

Income	
Student Housing	55,961
Dining Services	21,298
Conference Services	3,864
Investment Income	944
Total Income	82,067
Expenses	
Student Housing	51,869
Dining Services	20,151
Conference Services	2,740
Facilities Expenses	8,832
Total Expenses	83,592
Operating Gain/Loss	(1,525)

Stanford University Press

Income	
Net Income	4,736
Cost of Sales	(2,415)
Other Income	413
University Subsidy	484
Strategic Initiatives	381
Total Income	3,599
Expenses	
Editorial	1,015
Production & Design	305
Marketing	988
Distribution	586
Accounting	205
Office & General	556
University Overhead	250
Total Expenses	3,905
Operating Gain/Loss	(306)

Appendix B
Supplementary Information

The tables and graphs in this Appendix are useful in providing a general picture of Stanford's status in many areas. The short annotations below serve as an introduction to the schedules and point out some interesting trends or historical occurrences.

Schedule 1 – Student Enrollment

Women undergraduates outnumbered men in 1999/00, as they have since 1996/97. The number of TGR's increased markedly in 1997/98, primarily because changes in Federal policy requiring payment of the tuition of Research Assistants directly from research contracts and grants provided a strong incentive for encouraging eligible graduate to register as TGRs. This year there was a slight decline in TGRs, but the number remains at about the 1996/97 level. The total number of graduate students again increased by more than 100 in 1999/00, continuing the upward rise of graduate students for the last four years.

Schedule 2 – Freshman Student Apply/Admit/ Matriculate Statistics

The number of applicants dropped by 5.1% in the Fall of 1999 from a record number in 1998, but the number of applications is still higher than Fall 1997. Only 15% of applicants were accepted (one in every 12.5 applicants). This is higher than last year, but the lowest in the past ten years. The yield rate continues to rise both as a result of Stanford's popularity and the addition of an early decision program in 1996.

Schedule 3 – Tuition and Room & Board Rates

In the early 1980's tuition at Stanford rose by at least 9% each year. The rates of increase slowed after that, and in the last five years the rates of increase in total expense (tuition plus room and board) have been the lowest in the entire period shown in the table. In fact, the increases in tuition the last three years have been the lowest since the late 1960's, a time in which Stanford increased tuition every other year rather than annually.

Schedule 4 – Tuition and Fee Income

Total tuition income is expected to increase at a rate just about equal to the increase in the tuition rate. The lower growth in graduate tuition is primarily due to an overestimation last year of engineering graduate student tuition. Application fees, the primary source of fee income, are expected to grow at 2% above last year.

Schedule 5 – Undergraduate Financial Aid by Source of Funds and Type of Aid

This schedule shows the total amount of financial aid from all sources (including non-need based scholarship aid for athletics) awarded to undergraduate students. The last row shows Stanford tuition plus room and board. Total scholarships and grants increased by 1.4% percent last year, the second year of the change in financial aid formulas to reduce parental contribution. Total loans declined to about the 1996/97 level, after jumping in 1997/98. The work component of financial aid has been declining since 1993/94.

Schedule 6 – Needs and Sources, Including Parental and Student Contributions

This schedule shows the total expense and sources of support for undergraduate students who receive need-based financial aid. The last row shows the number of students who receive need-based aid. The expected need amount increases by more than the tuition, room, and board increase for next year because we expect slightly more students to be aided. On the "Sources" side for 2000/01 the expected family contribution is expected to decrease by 5.5% due to a new financial aid policy that puts a cap on the parental contribution for middle-income families and reduces self-help for all students. Endowment income and unrestricted funds will fill in. Since fewer unrestricted funds were needed in 1999/00 than expected, the percentage increase in unrestricted funds for 2000/01 is more pronounced than usual. Unrestricted funds are the source used to make up the difference between need and all other sources, so the amount must increase disproportionately when most of the other sources are expected to grow less than need, as is the case for next year.

Schedule 7 – Total Professorial Faculty

The total professorate has increased by 46 people (about 3%) since last year. Much of this growth was in the non-tenure line faculty, fueled by increases in Medical Center Line faculty in the School of Medicine. Tenure line faculty has increased back to the 1991/92 level.

Schedule 8 – Distribution of Tenured, Non-Tenured, and Non-Tenure Line Professorial Faculty

This schedule provides a disaggregated view of the data in Schedule 7 over the last three years. Schedule 8 shows that while the number of tenure-line faculty has grown, the number of tenure line faculty who have not obtained tenure has increased over the last 3 years, particularly in the Social Sciences and the School of Engineering. By contrast, the number of non-tenured tenure line faculty has decreased as more faculty move to the non-tenure line Medical Center Line positions.

Schedule 9 – Number of Non-Teaching Employees

This schedule shows the number of regular (defined in the first footnote in the Schedule) non-teaching employees by activity. The activity categories do not track well to the current reporting relationships among administrative units, but to maintain consistency in these data over time in the face of reorganizations, the activity categories have been defined broadly. Even with these broad categories the table has a number of footnotes indicating shifts across the categories or other changes over the period. The School of Medicine has been particularly affected by organizational changes.

The number of employees increased by 316 in 1999. About 155 of the increase are in the School of Medicine. The other increases are distributed throughout the University.

Schedule 10 – Staff Employees Outside Medicine and SLAC

This graph shows the relation between two series of numbers of employees in various years since 1989. The first series is staff employees in the schools (except Medicine) and independent laboratories (the sum of employees in the categories labeled "Other Academic" and "Institutes and Research Labs" in the previous schedule.) The second is a measure of "core" administrative staff who are paid almost entirely from general funds. This category excludes those employed in the schools and labs, SLAC, and the auxiliary activities in the previous schedule (Athletics, Housing and Food Service, Tresidder, and the Faculty Club).

The number of core staff trended down and declined by about 16% between 1989 and 1995 until increasing 2% in 1996, 4% in 1997, 4% in 1998 (after factoring out the Alumni Association), and almost 5% percent in 1999. In 1999, core staff exceeded the 1989 level for the first time.

Employment in the schools and independent labs peaked in 1987, and declined from 1989 to 1994 by about 1.3% (after factoring in an estimate of the effect of the movement of SSRL to SLAC). Since then, the number has increased 14%, and is now well above the 1987 peak. Much of this growth was probably related to a steady growth in sponsored research (see Schedule 12). However, in 1999, the number of staff in the schools and labs dropped very slightly, by 8 people.

Schedule 11 – Staff Benefits Detail

To support the various components of non-salary benefits provided to employees, a benefits rate is assessed to all salary and wage transactions. After momentous changes in 1997/98 (multiple benefit rates introduced, the removal of tuition remission from the benefits pool, a change to a contributory retirement plan for all non-union employees), the changes for the last three years have been much simpler. (Except for the removal of the faculty/ staff tuition grant program from the benefits pool in 1999/00). The changes in Insurance Programs categories, as well as any other noticeable increases and decreases, are due to rate changes, more employees utilizing particular existing benefits, or complicated issues related to how Stanford funds these various programs.

Schedule 12 - Sponsored Research Expense by Agency and Fund Source

Direct expense from research sponsored by the Federal government increased each year in the table. The amount of government sponsored research did not grow as fast in 1998/99 as it did in 1997/98, but still increased by almost 2%. The rather small increase was mostly caused by a decrease in funding from NASA. Non-US Government sponsored research reached 13.9% of total research expense in 1998/99, the highest percentage in the years in this table. For years, charitable foundations and corporations each supplied about one-third of the total of research funds from non-US agencies, but in the last three years corporations have sponsored about 40% of this total. (Please note that research at SLAC is not included in this Schedule.)

Schedule 13 - Plant Expenditures

This schedule shows expenses from plant or borrowed funds for building or infrastructure projects related to various units. General Plant Improvement expenses are included in the "All Other" category. To the extent possible, expenditures for equipment are excluded from these calculations. These expenses have more than doubled from 1995/96 to 1997/98 due to the construction of the Science and Engineering Quad and various seismic upgrade and earthquake repair projects such as Green Library, the Museum, and Encina. Plant expenditures increased 7.7% in 1998/99, due partly to the Core Financials computer system project and the early phases of the Sand Hill Road Projects.

Schedule 14 - Endowment Value and Rate of Return

The nominal return on invested funds has been positive each of the years shown and has generally exceeded 10% per annum. The target for annual real return on endowment funds is 6.25%, net of management fees. The average annual real return over the entire period of the table has clearly exceeded that figure, and the figure itself has been met in all but three years in the table. Historically, this period has produced exceptional market returns for both stock and bond investments, and the market value of our endowment has obviously benefited.

1997/98 was an anomaly in that the general stock market suffered a severe downturn at the end of August 1998, just as our fiscal year ended, which had the effect of reducing our market value at the precise time it was benchmarked. However, the market recovered that decline and much more by the end of 1998/99, and so did the endowment market value. 1998/99 was a superlative year for the endowment, reflecting the general increase in the stock market.

SCHEDULE 1

Student Enrollment for Autumn Quarter 1990/91 through 1999/00

	Undergraduate			Graduate				
Year	Women	Men	Total	Women	Men	Total	TGR	Total
1990/91	2,917	3,638	6,555	1,791	4,407	6,198	688	13,441
1991/92	2,947	3,580	6,527	1,884	4,436	6,320	702	13,549
1992/93	3,020	3,544	6,564	1,994	4,555	6,549	780	13,893
1993/94	3,073	3,500	6,573	2,030	4,571	6,601	828	14,002
1994/95	3,133	3,428	6,561	2,117	4,509	6,626	844	14,031
1995/96	3,267	3,310	6,577	2,186	4,424	6,610	857	14,044
1996/97	3,283	3,267	6,550	2,094	4,279	6,373	888	13,811
1997/98	3,332	3,307	6,639	2,204	4,254	6,458	987	14,084
1998/99	3,281	3,310	6,591	2,253	4,312	6,565	988	14,144
1999/00	3,356	3,238	6,594	2,332	4,370	6,702	923	14,219

Source: Registrar's Office third week enrollment figures

SCHEDULE 2

Freshman Apply/Admit/Enroll Statistics
Fall 1989 through Fall 1999

Year	Total Applications Number	Total Applications Percent Change from Previous Year	Admissions Number	Admissions Percent of Applicants Admitted	Enrollment Number	Enrollment Percent of Admitted Applicants Enrolling
Fall 1989	14,912	(5.8%)	2,626	17.6%	1,567	59.7%
Fall 1990	12,954	(13.1%)	2,874	22.2%	1,600	55.7%
Fall 1991	13,528	4.4%	2,715	20.1%	1,526	56.2%
Fall 1992	13,209	(2.4%)	2,912	22.0%	1,595	54.8%
Fall 1993	13,604	3.0%	2,926	21.5%	1,607	54.9%
Fall 1994	14,707	8.1%	2,942	20.0%	1,590	54.0%
Fall 1995	15,485	5.3%	2,908	18.8%	1,597	54.9%
Fall 1996	16,478	6.4%	2,634	16.0%	1,610	61.1%
Fall 1997	16,842	2.2%	2,596	15.4%	1,648	63.5%
Fall 1998	18,885	12.1%	2,505	13.3%	1,606	64.1%
Fall 1999	17,919	(5.1%)	2,689	15.0%	1,749	65.0%

SCHEDULE 3

Undergraduate Tuition and Room & Board Rates
1979/80 through 1999/00

Year	Undergraduate Tuition	Percent Change from Previous Year	Room & Board	Percent Change from Previous Year	Total Cost	Percent Change from Previous Year
1979/80	5,595	9.1%	2,354	8.5%	7,949	8.9%
1980/81	6,285	12.3%	2,636	12.0%	8,921	12.2%
1981/82	7,140	13.6%	2,965	12.5%	10,105	13.3%
1982/83	8,220	15.1%	3,423	15.4%	11,643	15.2%
1983/84	9,027	9.8%	3,812	11.4%	12,839	10.3%
1984/85	9,705	7.5%	4,146	8.8%	13,851	7.9%
1985/86	10,476	7.9%	4,417	6.5%	14,893	7.5%
1986/87	11,208	7.0%	4,700	6.4%	15,908	6.8%
1987/88	11,880	6.0%	4,955	5.4%	16,835	5.8%
1988/89	12,564	5.8%	5,257	6.1%	17,821	5.9%
1989/90	13,569	8.0%	5,595	6.4%	19,164	7.5%
1990/91	14,280	5.2%	5,930	6.0%	20,210	5.5%
1991/92	15,102	5.8%	6,160	3.9%	21,262	5.2%
1992/93	16,536	9.5%	6,314	2.5%	22,850	7.5%
1993/94	17,775	7.5%	6,535	3.5%	24,310	6.4%
1994/95	18,669	5.0%	6,796	4.0%	25,465	4.8%
1995/96	19,695	5.5%	7,054	3.8%	26,749	5.0%
1996/97	20,490	4.0%	7,337	4.0%	27,827	4.0%
1997/98	21,300	4.0%	7,557	3.0%	28,857	3.7%
1998/99	22,110	3.8%	7,768	2.8%	29,878	3.5%
1999/00	23,058	4.3%	7,881	1.5%	30,939	3.6%

SCHEDULE 4

Breakdown of Tuition and Fee Income
Projected 2000/01 Budget
(In thousands of dollars)

	FY00 Budget	Projected FY01 Budget	Change FY00 to FY01	Percentage Change FY00 to FY01
Tuition:				
Undergraduate	147,544	156,832	9,288	6.3%
Graduate	120,726	125,437	4,711	3.9%
Other	12,143	13,617	1,474	12.1%
Summer	17,961	18,415	454	2.5%
Total Tuition	298,374	314,301	15,927	5.3%
Miscellaneous Fees:				
Application Fees	3,239	3,305	66	2.0%
Other Fees	1,100	1,100		0.0%
Total Fees	4,339	4,405	66	1.5%
Total Tuition and Fee Income	**302,713**	**318,706**	**15,993**	**5.3%**

SCHEDULE 5

Undergraduate Financial Aid by Source of Funds and Type of Aid[1]
1991/92 through 1998/99
(In thousands of dollars)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
Scholarships and Grants								
Stanford Unrestricted Funds	15,834	16,420	17,736	16,593	17,513	13,611	12,201	12,420
Gifts and Endowment Income:								
Non-Athletic[2]	6,868	10,936	12,355	14,762	15,692	20,027	22,526	24,235
Athletic Awards	5,252	5,603	5,639	6,328	6,626	7,471	8,232	8,614
Departmental Awards	98	782	566	455	415	1,372	1,743	2.016
External Grants[3]	8,884	8,983	9,448	10,407	11,477	13,757	15,541	15,343
Subtotal for Scholarships and Grants	36,936	42,724	45,744	48,545	51,723	56,238	60,243	62,629
Loans								
University Funds	1,529	1,333	1,382	1,157	1,290	1,233	787	600
External Funds	8,181	9,234	9,763	11,389	11,453	11,519	12,791	12,353
Subtotal for Loans	9,710	10,567	11,145	12,546	12,743	12,752	13,578	12,953
Jobs								
University Funds[4]	1,473	1,869	3,897	4,175	3,602	3,295	3,254	2,387
External Funds	110	128	396	367	438	457	691	859
Subtotal for Jobs	1,583	1,997	4,293	4,542	4,040	3,752	3,945	3,246
Grand Total	**48,229**	**55,288**	**61,182**	**65,633**	**68,506**	**72,742**	**77,766**	**78,828**
Stanford Tuition plus Room and Board	21,262	22,850	24,310	25,465	26,749	27,827	28,857	30,939

1 Actual expenses include all funds awarded to undergraduate students administered through the Financial Aid Office, including aid that is not need-based.
2 Includes support from the Stanford Fund and the President's Fund.
3 All grants from Federal, state, or private sources.
4 Includes University match of funds from outside sources.

SCHEDULE 6

Undergraduate Financial Aid
Projected 2000/01 Budget Needs and Sources, Including Parental and Student Contributions[1]

(in thousands of dollars)

	1998/99 Actual	1999/00 Year End Projection	2000/01 Proposed Budget	Increment from 1999/00 to 2000/01	Percent Change from 1999/00 to 2000/01
Needs					
Tuition, Room & Board	74,387	75,536	80,689	5,153	6.8%
Books and Personal Expense	7,081	7,117	7,425	308	4.3%
Travel	1,449	1,453	1,518	65	4.5%
Total Needs	**82,917**	**84,106**	**89,632**	**5,526**	**6.6%**
Sources					
Total Family Contribution (Includes parent contribution for aided students, self-help, summer savings, assets, etc.)	36,907	38,147	36,041	(2,106)	(5.5%)
Endowment Income[2]	18,110	19,628	21,822	2,194	11.2%
Expendable Gifts	431	300	300		0.0%
Stanford Fund[3]	5,600	8,800	8,900	100	1.1%
Federal Grants	3,087	2,889	2,950	61	2.1%
California State Scholarships	3,358	3,715	3,765	50	1.3%
Outside Awards	2,540	2,500	2,500		0.0%
Department Sources	463	400	400		0.0%
Unrestricted Funds	12,420	7,726	12,955	5,229	67.7%
Total Sources	**82,917**	**84,106**	**89,632**	**5,526**	**6.6%**
Number of Students on Need-Based Aid	2,573	2,530	2,575	45	1.8%

1 In this table sources of aid other than the family contribution include only aid awarded to students who are receiving scholarshipaid from Stanford. Thus, the sum of the amounts for scholarships and grants will not equal the figures in Schedule 5.

2 Endowment income includes reserve funds and specifically invested funds.

3 Stanford Fund includes the President's Fund in applicable years.

SCHEDULE 7

Total Professorial Faculty[1]
1974/75 through 1999/00

	Professors	Associate Professors	Assistant Professors[2]	Tenure Line Total	Non-Tenure Line Professors	Grand Total
1974/75	556	193	284	1,033		1,033
1975/76	565	186	295	1,046		1,046
1976/77	571	194	304	1,069		1,069
1977/78	586	199	287	1,072	86	1,158 [3]
1978/79	600	211	292	1,103	91	1,194
1979/80	620	210	286	1,116	94	1,210
1980/81	642	205	279	1,126	104	1,230
1981/82	661	200	294	1,155	103	1,258
1982/83	672	195	284	1,151	116	1,267
1983/84	682	195	286	1,163	129	1,292
1984/85	691	194	272	1,157	135	1,292
1985/86	708	191	261	1,160	135	1,295
1986/87	711	192	262	1,165	150	1,315
1987/88	719	193	274	1,186	149	1,335
1988/89	709	200	268	1,177	147	1,324
1989/90	715	198	265	1,178	146	1,324
1990/91	742	195	278	1,215	161	1,376
1991/92	756	205	263	1,224	182	1,406 [4]
1992/93	740	209	245	1,194	214	1,408
1993/94	729	203	241	1,173	225	1,398
1994/95	724	198	252	1,174	256	1,430
1995/96	723	205	241	1,169	287	1,456
1996/97	731	205	239	1,175	313	1,488
1997/98	750	213	231	1,194	341	1,535
1998/99	758	217	237	1,212	383	1,595
1999/00	771	204	255	1,230	411	1,641

Data Source: Provost's Office

1 Some appointments are coterminous with the availability of funds.

2 Assistant Professors subject to Ph.D. are included.

3 Beginning in 1977/78, non-tenure line Professors are included.

4 Beginning in 1991/92, Medical Center Line and Senior Fellows in policy centers and institutes are included.

SCHEDULE 8

Distribution of Tenured, Non-Tenured, and Non-Tenure Line Professorial Faculty[1] 1997/98 through 1999/00

School Unit or Program	1997/98 Tenured	1997/98 Non-Tenured	1997/98 Non-Tenure Line	1997/98 Total	1998/99 Tenured	1998/99 Non-Tenured	1998/99 Non-Tenure Line	1998/99 Total	1999/00 Tenured	1999/00 Non-Tenured	1999/00 Non-Tenure Line	1999/00 Total
Earth Sciences	31	4	4	39	33	3	4	40	32	6	4	42
Education	34	4		38	33	6	1	40	34	9	2	45
Engineering	150	31	28	209	153	40	27	220	151	43	28	222
Humanities and Sciences	360	120	17	497	362	124	18	504	371	133	18	522
(Humanities)	(154)	(55)	(8)	(217)	(153)	(52)	(7)	(212)	(157)	(58)	(8)	(223)
(Nat. Sciences & Math)	(105)	(33)	(7)	(145)	(105)	(32)	(8)	(145)	(112)	(34)	(7)	(153)
(Social Sciences)	(101)	(32)	(2)	(135)	(104)	(40)	(3)	(147)	(102)	(41)	(3)	(146)
Law	35	5	1	41	39	5	1	45	39	2	1	42
Other	1		9	10	1		9	10	2	1	10	13
Subtotal	611	164	59	834	621	178	60	859	629	194	63	886
Business	55	29	1	85	54	30	1	85	54	27	1	82
Medicine	244	65	277	586	248	55	318	621	247	53	343	643
SLAC	21	5	4	30	20	6	4	30	20	6	4	30
Total	**931**	**263**	**341**	**1,535**	**943**	**269**	**383**	**1,595**	**950**	**280**	**411**	**1,641**

Data Source: Provost's Office

1 Population includes some appointments made part-time, "subject to Ph.D.," and coterminous with the availability of funds.

SCHEDULE 9

Number of Non-Teaching Employees As of December 31 of Each Year[1] 1992 through 1999

Activity	1992	1993	1994	1995	1996	1997	1998	1999[7]
School of Medicine[2]	1,950	2,073	1,614	1,563	1,670	1,880	2,008	2,183
Other Academic: Business, Earth Sciences, Education, Engineering, Humanities and Sciences, Law	1,024	1,040	1,042	1,115	1,119	1,194	1,243	1,227
Physical Education and Athletics	82	83	84	98	104	110	111	118
Institutes and Research Labs	365	369	364	358	384	388	371	379
Stanford Linear Accelerator Center	1,301	1,240	1,355	1,311	1,310	1,300	1,271	1,287
Student Services: Admissions, ASSU, Bechtel International Center, Dean of Student Affairs, Financial Aids, Graduate Division, Memorial Church, Overseas Studies, Placement Center, Haas Center for Public Service, Registrar, Residential Education, Student Health, NSI	258	252	233	232	237	226	241	278
Libraries: Includes personnel from all Libraries, Art Galleries, and Museums	574	558	569	567	573	604	651	661
Central Information Services[3]: Information Resources, Data Center, Networking and Communication Systems	245	264	274	359	366	386	408	415
Development Office	197	175	134	136	135	126	127	141
Plant Construction, Protection, and Maintenance: Facilities Project Management, Health and Safety, Health Physics, O&M, Planning, Procurement, Public Safety, Risk Management	473	455	449	446	470	504	487	510
Housing and Food Service	271	255	272	271	284	301	337	337
Tresidder and Faculty Club[4]	32	31	21	21	1	0	0	0
Administration:[3,5,6] Finance, President's Office, Provost's Office, Faculty/Staff Services, Public Affairs, University Counsel, Press, Events & Services, Alumni Association	665	672	634	557	563	590	734	769
TOTAL	7,437	7,467	7,045	7,034	7,216	7,609	7,989	8,305
Percent Change		0.4%	(5.7%)	(0.2%)	2.6%	5.4%	5.0%	2.8%

1 Does not include students or employees working less than 50% time.

2 The School of Medicine's decline in staff in 1994 primarily reflects the integration of the Faculty Practice Plan and some clinics into Stanford Health Services (SHS). The increase in 1997 is in part due to the shifting of some staff back into the School of Medicine as part of the UCSF merger.

3 The staff members in BISA were counted in Administration prior to 1995. That function is now in Information Services.

4 Faculty Club and Tresidder services have been contracted to outside companies.

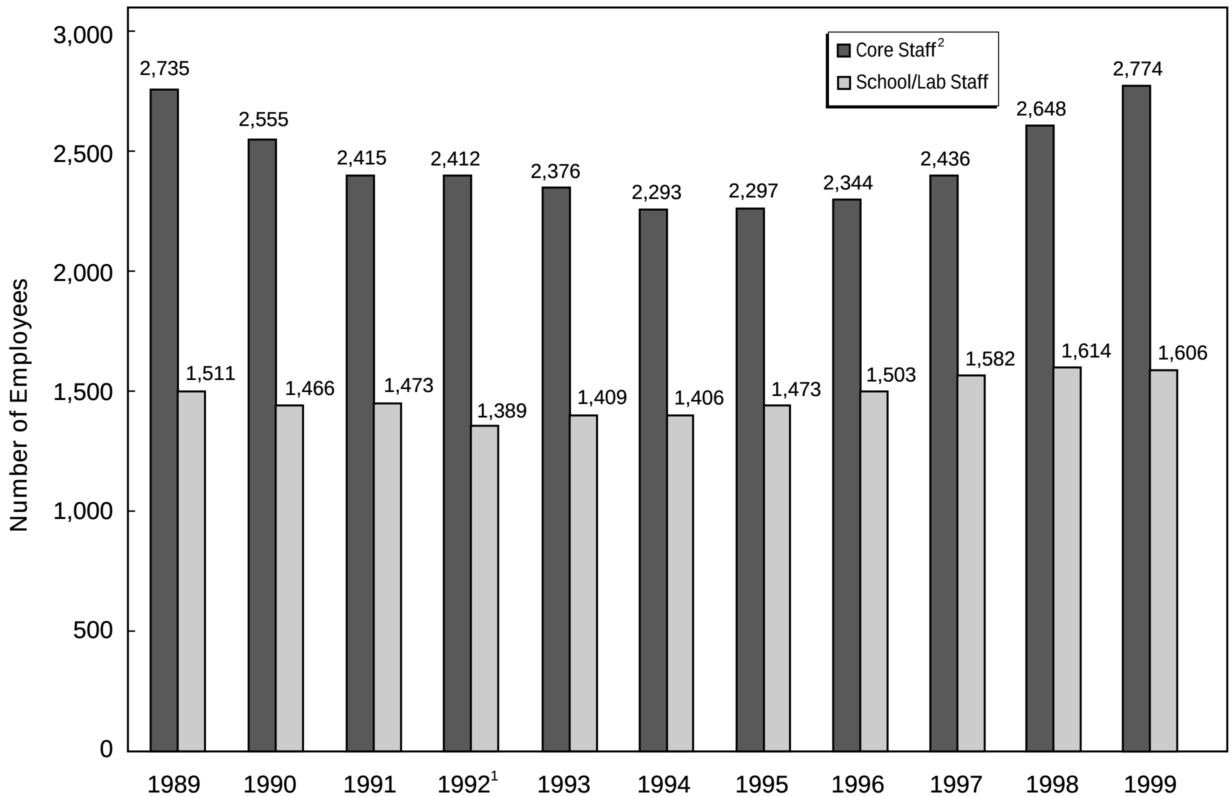
5 Administration includes the University Press and Events and Services in all years.

6 Administration includes the Alumni Association in 1998 and beyond.

7 Due to a programming change, 86 staff members not previously included in these counts are included in the 1999 numbers. This primarily affects the School of Medicine (20) and Administration (30). These are not new staff members.

SCHEDULE 10

Staff Employees in Units Other than Medicine or SLAC
1989 through 1999, as of December 31 of each year



1 SSRL was removed from the Labs in 1993 in this graph. This change reduced Lab staff by about 85.

2 Core Staff includes Student Services, Libraries, Information Services, Development, Plant, and Administration.

SCHEDULE 11

2000/01 Projected Consolidated Budget Staff Benefits Detail
(in thousands of dollars)

Staff Benefits Program	1997/98 Actual Expenditures	1998/99 Actual Expenditures	1999/00 Revised Budget	2000/01 Projected Budget	Increase (Decrease) 1999/00 to 2000/01	
Pension Programs:						
University Retirement	42,471	46,539	48,020	53,130	5,110	10.6%
Social Security	41,226	44,941	47,436	52,085	4,649	9.8%
Faculty Early Retirement	7,460	7,845	5,175	6,327	1,152	22.3%
Other	1,135	1,092	1,359	1,231	(128)	(9.4%)
Total Pension Programs	92,292	100,417	101,990	112,773	10,783	10.6%
Tuition Waiver Programs:						
Faculty/Staff Tuition Grant Program	5,351	5,337	0	0	0	N/A
Research Assistants						N/A
Teaching Assistants						N/A
Total Tuition Waiver Programs	5,351	5,337	0	0	0	N/A
Insurance Programs:						
Medical Insurance	18,747	23,379	22,495	25,748	3,253	14.5%
Retirement Medical	5,455	2,934	2,642	4,074	1,432	54.2%
Worker's Comp/LTD/ Unemployment Insurance	4,556	5,854	7,353	7,832	479	6.5%
Dental Insurance	5,123	5,568	5,839	6,193	354	6.1%
Group Life Insurance/Other	3,848	4,573	4,451	4,504	53	1.2%
Total Insurance Programs	37,729	42,308	42,780	48,351	5,571	13.0%
Miscellaneous Programs:						
Severance Pay	4,165	1,982	4,339	4,200	(139)	(3.2%)
Sabbatical Leave	8,595	7,738	7,852	8,099	247	3.1%
Other	5,155	4,873	5,660	6,706	1,046	18.5%
Total Miscellaneous Programs	17,915	14,593	17,851	19,005	1,154	6.5%
Total Staff Benefits Programs Expense	**153,287**	**162,655**	**162,621**	**180,129**	**17,508**	**10.8%**
Carryforward/Adjustment from Prior Year(s)	(1,571)	(858)	1,366	1,252	(114)	(8.3%)
Total Expense with Carryforward/Adjustments	**151,716**	**161,797**	**163,987**	**181,381**	**17,394**	**10.6%**
Budgeted Staff Benefits Rate	24.5%	24.1%	23.3%	23.4%		

Note: The University has three fringe benefit rates for 2000/01, and the single rate shown just above is the weighted average of the three rates. The three rates are 24.3% for regular employees, which includes all faculty and staff with continuing appointments of half-time or more, 13.5% for post-doctoral scholars, and 8.5% for contingent (casual or temporary) employees.

SCHEDULE 12

Sponsored Research Expense by Agency and Fund Source[1]
1992/93 through 1998/99
(in thousands of dollars)

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
US Government							
Subtotal for US Government Agencies	256,713	271,326	275,580	298,149	336,661	347,109	358,942
Agency[2]							
DoD	41,972	40,384	44,390	48,185	53,984	53,593	54,569
DoE (Except SLAC)	10,328	9,216	9,049	7,958	8,309	10,523	13,176
NASA	53,892	57,394	58,728	66,626	84,449	77,707	67,492
DoEd	172			301	2,173	2,433	2,489
HHS	117,077	129,306	125,440	132,754	141,897	155,643	170,403
NSF	24,539	25,436	28,230	29,969	32,730	34,050	36,303
Other US Sponsors	8,733	9,590	9,743	12,356	13,119	13,160	14,509
Direct Expense-US	185,314	192,758	199,908	215,828	252,806	263,674	268,547
Indirect Expense-US[3]	71,399	78,568	75,672	82,321	83,855	83,435	90,395
Non-US Government							
Subtotal for Non-US Government	35,982	40,566	41,245	44,307	48,836	53,941	58,095
Direct Expense-Non US	28,791	32,640	33,280	35,804	39,430	43,671	47,022
Indirect Expense-Non US	7,191	7,926	7,965	8,503	9,406	10,270	11,073
Grand Totals-US plus Non-US							
Grand Total	292,695	311,892	316,825	342,456	385,497	401,050	417,037
Grand Total Direct	214,105	225,398	233,188	251,632	292,236	307,345	315,569
Grand Total Indirect	78,590	86,494	83,637	90,824	93,261	93,705	101,468
% of Total from US Government	87.7%	87.0%	87.0%	87.1%	87.3%	86.6%	86.1%

1 Figures are only for sponsored research and are in thousands of dollars. SLAC expense is not included in this table.

2 Agency figures include both direct and indirect expense. Agency names are abbreviated as follows:
DoD=Department of Defense
DoE=Department of Energy
NASA=National Aeronautics and Space Administration
DoEd=Department of Education
HHS=Department of Health and Human Services
NSF=National Science Foundation

3 DLAM indirect costs are included in this figure.

SCHEDULE 13

Plant Expenditures by Unit[1]
1992/93 through 1998/99
(in thousands of dollars)

Unit	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
GSB	437	90	116	1,124	2,767	9,499	14,400
Earth Science	12,792	3,288	793	284	1,754	3,703	250
Education			161	187	1,127	3,478	454
Engineering	2,253	9,293	32,839	40,626	26,509	44,076	40,801
H&S	12,676	15,488	22,445	26,448	28,576	34,023	22,409
Law		129	7	34	391	1,208	1,031
Medicine[2]	21,408	12,479	3,160	2,346	10,908	22,821	40,902
Libraries	6,544	413	1,852	5,783	10,000	16,216	17,823
Athletics	4,502	18,542	2,399	3,968	7,856	6,369	7,007
Housing	11,562	11,944	26,567	21,424	43,398	20,023	30,317
All Other[3]	28,634	20,300	14,864	21,664	54,004	98,339	104,361
TOTAL	**100,808**	**91,966**	**105,203**	**123,888**	**187,290**	**259,755**	**279,754**

Source: Schedule G-5 in the Annual Financial Report

1 Expenditures are in thousands of dollars, are from either Plant or borrowed funds, and are for building construction or improvements, or infrastructure.

2 Includes the Faculty Practice Program when separately identified.

3 Includes General Plant Improvements expense.

SCHEDULE 14

Endowment Market Value and Rate of Return
1988/89 through 1998/99
(in thousands of dollars)

Year	Market Value of the Endowment (in thousands)[1]	Annual Nominal Rate of Return	Annual Real Rate of Return[2]
1988/89	2,083,916	23.5%	19.0%
1989/90	2,060,305	0.3%	(3.8%)
1990/91	2,299,483	17.3%	13.3%
1991/92	2,428,491	7.8%	5.2%
1992/93	2,853,366	19.0%	16.4%
1993/94	3,034,533	8.5%	6.5%
1994/95	3,402,825	15.2%	13.5%
1995/96[3]	3,779,420	20.2%	18.2%
1996/97	4,667,002	23.4%	21.2%
1997/98	4,774,888	1.3%	0.3%
1998/99	6,226,695	34.8%	33.3%

Source: Stanford University Annual Financial Report

1 Includes endowment funds subject to living trust agreements.

2 The real rate of return is the nominal rate less the rate of price increases, as measured by the Gross Domestic Product price deflator.

3 The method of valuing some assets changed in 1995/96. The effect was to lower the market value for 1995/96 and beyond. The restated value for 1994/95 under the new methodology would have been $3.225 billion.